

## NEW ISSUE - DTC BOOK ENTRY ONLY

Moody's Rating: "Aa3"

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

**\$4,730,000**

**Adel-DeSoto-Minburn Community School District, Iowa**  
**General Obligation School Refunding Bonds**  
**Series 2021**

Dated: Date of Delivery

The General Obligation School Refunding Bonds, Series 2021 described above (the "Bonds") are issuable as fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee of the Depository Trust Company, New York, NY ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by UMB Bank, n.a. as Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds.

Interest on the Bonds is payable on May 1, and November 1 in each year, beginning November 1, 2021 to the registered owners thereof. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

The Bonds will not be subject to optional redemption prior to maturity.

**MATURITY SCHEDULE**

<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>
May 1, 2022	\$1,125,000	5.00%	0.16%	006756 JF8	May 1, 2025	\$500,000	3.00%	0.48%	006756 JJ0
May 1, 2023	805,000	5.00	0.20	006756 JG6	May 1, 2026	1,000,000	3.00	0.65	006756 JK7
May 1, 2024	850,000	4.00	0.33	006756 JH4	May 1, 2027	450,000	3.00	0.75	006756 JL5

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., P Des Moines, Iowa, Bond Counsel. It is expected that the Bonds in the definitive form will be available for delivery through the facilities of DTC on or about April 29, 2021. 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 April 8, 2021

\* 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.

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

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

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

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

## **FORWARD-LOOKING STATEMENTS**

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

**OFFICIAL STATEMENT**  
**ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT, IOWA**  
**\$4,730,000 GENERAL OBLIGATION SCHOOL REFUNDING BONDS, SERIES 2021**

**INTRODUCTORY STATEMENT**

This Official Statement presents certain information relating to the Adel-DeSoto-Minburn Community School District, Iowa (the “Issuer”), in connection with the sale of the Issuer’s General Obligation School Refunding Bonds, Series 2021 (the “Bonds”). The Bonds are being issued to provide funds i) to currently refund the Issuer’s outstanding General Obligation School Bonds, Series 2012, dated May 1, 2012 and the General Obligation School Bonds, Series 2015, dated June 25, 2015 and ii) to pay the costs of issuance on the Bonds. See “**SOURCES AND USES OF FUNDS**” herein.

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

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

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

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

**THE BONDS**

**General**

The Bonds are dated as of the date of delivery and will bear interest at the rates to be set forth on the cover page herein, interest payable on May 1 and November 1 in each year, beginning on November 1, 2021, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

**Authorization for the Issuance**

The Bonds are being issued pursuant to the Code of Iowa, 2019, as amended, Chapter 298.

**Book Entry Only System**

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

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

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

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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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

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

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

Redemption proceeds, distributions and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving

reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

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

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

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

### **Transfer and Exchange**

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

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

### **Prepayment**

Optional Prepayment: The Bonds are not subject to optional redemption prior to maturity.

### **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 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 within the boundaries of the Issuer without limit as to rate or amount sufficient to pay the debt service deficiency.

Nothing in the Resolution for the Bonds 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 Resolution for the Bonds 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**

### **Tax Levy Procedures**

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

### **Changes in Property Taxation**

The Bonds are general obligations of the Issuer secured by an unlimited ad valorem property tax as described in the "Source of Security for the Bonds" herein. Prior State Public Health Emergency Declarations relative to the 2020 COVID-19 pandemic have temporarily suspended the provisions that required the imposition of penalty and interest for delay in property tax payments and directed that no such penalty or interest could be imposed for the duration of the declarations and any future extension of the suspension. It is impossible to predict whether any current or future declarations or any amendments to or extensions thereof would have a material effect on the Issuer's ability to collect property taxes necessary for the payment of principal and interest on the Bonds.

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 "Source of Security of the Bonds," per 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**

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

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

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Bond Resolution. The remedies available to the owners of the Bonds upon an event of default under the Bond Resolution, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the federal bankruptcy code, certain of the remedies specified in the Bond Resolution may not be readily available or may be

limited. A court may decide not to order the specific performance of the covenants contained in these documents. The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No representation is made, and no assurance is given, that the enforcement of any remedies with respect to such assets will result in sufficient funds to pay all amounts due under the Bond Resolution, 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.

### **Potential Impact of the Coronavirus**

In recent months, a strain of coronavirus commonly known as COVID-19 has spread globally, negatively affecting global, state, and local economies and possibly sparking a recession. Federal, State, and local officials are taking steps to curb the spread of the virus, including providing both discretionary and mandatory guidelines and orders regarding public gatherings, and imposing mandatory closings of some businesses. The State of Iowa may suffer material adverse consequences from the continued spread of COVID-19, which could affect the amount of State revenues appropriated to municipalities, including the Issuer. The spread of the virus could reduce sales tax and other revenue collections, property valuations and other revenue sources dependent on local business activity, which is likely to be slower.

The Issuer did not experience material reductions in revenue or material increases in expenses in fiscal year 2020 due to material COVID-19-related financial impacts and currently expects that any material COVID-19-related financial impacts will be covered by federal funding. It is too soon, however, to fully predict what COVID-19-related financial impacts the Issuer may incur and whether any such financial impacts will be material. The Bonds are general obligations of the Issuer. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” herein.

The Issuer cannot predict whether continued spread of the disease will materially impact its financial condition, including the collection of Tax revenues in fiscal year 2021 or beyond. The spread of the virus could negatively affect the Issuer’s financial condition, including, among others, lower property values, decreasing student enrollment, a delay in property tax collections, and other unpredicted unforeseen consequences, which may affect the Issuer’s ability to pay principal of and interest on the Bonds. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” herein.

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

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

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

The Issuer intends to designate or treat as deemed designated 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”). The Issuer has further covenanted to comply with certain other requirements, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code. Actions, or inactions, by the Issuer in violation of its covenants could affect the designation, which could also affect the pricing and marketability of the Bonds.

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.

### **Pension**

Pursuant to GASB Statement No. 68, the School reported a liability of \$ 9,108,326 as of June 30, 2020 for its proportionate share of the net pension liability for Iowa Public Employee Retirement System (“IPERS”). The net pension liability is the amount by which the total actuarial liability exceeds the pension plan’s net assets or fiduciary net position (essentially the market value) available for paying benefits. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School’s proportion of the net pension liability was based on the School’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. As of June 30, 2019, the School’s collective proportion was .157294%, which was an increase of 0.000040% from its proportion measured June 30, 2018. See School’s Audited Financial Statements, Appendix D, for additional information.

### **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 computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Issuer will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the Issuer’s information systems could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant. Along with significant liability claims or regulatory penalties, any security breach could have a material adverse impact on the Issuer’s operations and financial condition. The Issuer has a \$1,000,000 Cyber-Liability Policy. The Issuer cannot predict whether this policy will be sufficient in the event of a cyberattack. However, the Bonds are secured by an unlimited ad valorem property tax as described under the heading “Source of Security for the Bonds” herein.

### **Limitation or Delay of Remedies**

There is no bond trustee or similar person to monitor or enforce the provisions of the resolution for the Bonds. The owners of



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

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

#### **Debt Payment History**

The Issuer knows of no instance in which it has intentionally defaulted in the payment of principal and interest on any of its debt.

#### **Clean up Costs and Liens under Environmental Statutes**

The Issuer is not aware of any enforcement actions currently in process with respect to any releases of pollutants or contaminants at the Issuer owned 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 Issuer owned sites. In addition, under applicable environmental statutes, in the event an enforcement action is initiated, a lien superior to any Bondholders' lien, if any, could attach, which may adversely affect the Bondholders' rights.

#### **General Liability Claims**

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

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

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

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

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

#### **Continuing Disclosure**

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

#### **Suitability of Investment**

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

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

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

**Rating**

Moody's Investor Service (the "Rating Agency") has assigned a rating of "Aa3" to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of the Rating Agency, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

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

**Forward-Looking Statements**

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

**Pending Federal Tax Legislation**

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

**DTC-Beneficial Owners**

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

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

**Other Factors**

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

**Summary**

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

**LITIGATION**

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

## ACCOUNTANT

The accrual-basis financial statements of the Issuer included as APPENDIX D to this Official Statement have been examined by 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 Country Club Bank, Leawood, KS (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 \$5,165,824.35 plus accrued interest to the Closing Date.

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

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

## THE PROJECT

The Bonds are being issued to provide funds i) to currently refund the Issuer's outstanding General Obligation School Bonds, Series 2012, dated May 1, 2012 and the General Obligation School Bonds, Series 2015, dated June 25, 2015, and ii) to pay costs of issuance for the Bonds.

## SOURCES AND USES OF FUNDS

Sources of Funds	Bond Proceeds	\$4,730,000.00
	Reoffering Premium	450,014.35
	Total Sources of Funds	\$5,180,014.35
Uses of Funds	Deposit to Escrow fund	\$5,105,000.00
	Costs of Issuance	60,700.00
	Underwriter's Discount	14,190.00
	Surplus	124.35
	Total Uses of Funds	\$5,180,014.35

## TAX EXEMPTION AND RELATED CONSIDERATIONS

### Tax Exemption

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

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

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

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

#### Qualified Tax Exemption Obligations

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

#### Discount and Premium Bonds

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

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

#### Other Tax Advice

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

#### Audits

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

#### Reporting and Withholding

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

#### Tax Legislation

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

Current and future legislative proposals, including some that carry retroactive effective dates, if enacted into law, court decisions, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, on December 22, 2017, the Tax Cuts and Jobs Act ("TCJA") was signed into law. For tax years beginning after December 31, 2017, the TCJA, among other things, significantly changes the income tax rates on individuals and corporations, modifies the current provisions relative to the federal alternative minimum tax on individuals, and eliminates the federal alternative minimum tax for

corporations. The TCJA, or the introduction or enactment of any other legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the TCJA, as well as any pending or proposed tax legislation, as to which Bond Counsel expresses no opinion other than as set forth in its legal opinion.

#### The Opinion

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

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

#### Enforcement

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

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

#### Bond Counsel Review

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

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

### **FINANCIAL ADVISOR**

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

### **CONTINUING DISCLOSURE**

For the purpose of complying with Rule 15c2-12 of the Securities Exchange Commission, as amended and interpreted from time to time (the "Rule"), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds to provide reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, and the events as to which notice is to be given, if material, is summarized below under the caption "APPENDIX C - Form of Continuing Disclosure Certificate" herein for more information. This covenant is being made by the Issuer to assist the Underwriter(s) in complying with the Rule.

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

For the five (5) year period beginning March 8, 2016 through March 8, 2021, inclusive, the Issuer believes it has complied with the Rule in all material respects, however, the Issuer provides the following disclosure for the sole purpose of assisting Underwriters in complying with the Rule.

- For the Issuer’s General Obligation Bonds, Series 2006, dated April 1, 2006, for fiscal year ending June 30, 2016, the District did not link the CUSIP to audited financial statements and for fiscal years ending June 30, 2016, and 2017 the District did not file complete annual operating information. The District did not file or timely file notice of its failure to provide the aforementioned information on or before the date specified in its prior continuing disclosure undertakings. The Series 2006 Bonds were redeemed on May 11, 2018 and the District did not timely file notice of the bond call and did not file or timely file notice of its failure on or before the date specified in its prior continuing disclosure undertakings.

## MISCELLANEOUS

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

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

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

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

The Issuer has reviewed the information contained herein which relates to it 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.

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT, STATE OF IOWA

/s/ Nancy Gee  
Board Secretary

**APPENDIX A - INFORMATION ABOUT THE ISSUER**

**ADEL DESOTO MINBURN COMMUNITY SCHOOL DISTRICT, IOWA  
DISTRICT OFFICIALS**

**PRESIDENT** Tim Canney

**BOARD MEMBERS** Bart Banwart  
Rod Collins  
Heith Hockenberry  
Nikki West

**SUPERINTENDENT** Greg Dufoe

**SECRETARY/TREASURER:** Nancy Gee

**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

Adel DeSoto Minburn Community School District is the combination of three growing towns. The district is located in Central Iowa approximately 20 minutes west of Des Moines, in the counties of Dallas and Madison.

## District Facilities

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

<u>Building</u>	<u>Construction Date</u>	<u>Grades Served</u>
High School	1986	9-12
Middle School	2006	6-8
DeSoto Intermediate	1924, 1990	3-5
Adel Elementary	1965, 1969, 1990	PK-2

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Source: the Issuer

## Enrollment

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

<u>Count Date</u>	<u>Fiscal Year effective</u>	<u>Certified (Resident) (1)</u>	<u>Open Enroll In</u>	<u>Open Enroll Out</u>	<u>Total Served (2)</u>
October-20	2021-22	2,004.3	216.0	147.5	2,072.8
October-19	2020-21	1,932.2	203.1	125.8	2,009.5
October-18	2019-20	1,797.8	220.1	127.2	1,890.7
October-17	2018-19	1,729.8	233.0	122.0	1,840.8
October-16	2017-18	1,655.1	242.0	103.5	1,793.6
October-15	2016-17	1,569.1	227.0	115.2	1,680.9

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Source: Department of Education

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

## Staff

Presented below is a list of the District's 328 employees.

Administrators:	14	Media Specialists:	2
Teachers:	139	Nurses:	4
Teacher Aids:	70	Guidance:	4
Custodians:	11	Secretaries:	12
Food Service:	16	Transportation:	19
Other:	36	Maintenance:	1

---

Source: the Issuer

## Other Post Employment Benefits

The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability. The District's total OPEB liability of \$990,498 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Further information, including information concerning actuarial assumptions, discount rates, and deferred inflows and outflows is available in the District's 2020 Independent Audited Financial Statements, Note 6.

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Source: the Issuer's Independent Audited Financial Statement



## Employee Pension Plan

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

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

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

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

Table 1 – Issuer and Employees Contribution to IPERS.

Fiscal Year	Issuer Contribution		Issuer Employees' Contribution	
	Amount Contributed	% of Covered Payroll	Amount Contributed	% of Covered Payroll
2016	927,812	8.93	618,195	5.95
2017	1,026,813	8.93	684,159	5.95
2018	1,055,500	8.93	703,239	5.95
2019	1,130,182	9.44	735,055	6.29
2020	1,163,552	9.44	775,290	6.29

SOURCE: the Issuer

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

The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial reports of IPERS for the fiscal years ended June 30, 2020 through, and including, 2016 (collectively, the "IPERS CAFRs (2016-2020)"), and the actuarial valuation reports provided to IPERS by Cavanaugh MacDonald Consulting, LLC (collectively, the "IPERS Actuarial Reports (2016-2020)"). Additional information regarding IPERS and its latest actuarial valuations can be obtained by contacting IPERS administrative staff.

Table 2 – Funding Status of IPERS

Valuation Date	Actuarial Value of Assets [a]	Market Value of Assets [b]	Actuarial Accrued Liability [c]	Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]	Funded Ratio (Actuarial Value) [a]/[c]	Unfunded Actuarial Accrued Liability (Market Value) [c]-[b]	Funded Ratio (Market Value) % [b]/[c]	Covered Payroll [d]	UAAL as a Percentage of Covered Payroll (Actuarial Value) [[c-a]/[d]]
2016	29,033,696,587	28,326,433,656	34,619,749,147	5,586,052,560	83.86	6,293,315,491	81.82	7,556,515,720	73.92
2017	30,472,423,914	30,779,116,326	37,440,382,029	6,968,134,950	81.39	6,661,265,703	82.21	7,863,160,443	88.62
2018	31,827,755,864	32,314,588,595	38,642,833,653	6,815,077,789	82.36	6,328,245,058	83.62	7,983,219,527	79.27
2019	33,324,327,606	34,010,680,731	39,801,338,797	6,477,011,191	83.73	5,790,658,066	85.45	8,151,043,468	71.04
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

Source: IPERS Actuarial Reports

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

Table 3 – Recent returns of IPERS

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

Fiscal Year Ended June 30	Investment Return %
2016	2.15
2017	11.70
2018	7.97
2019	8.35
2020	3.39

#### Net Pension Liabilities.

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

At June 30, 2020, the Issuer reported a liability of \$9,108,326 for its proportional share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7.0%. The Issuer's proportion of the net pension liability was based on the Issuer's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. See "**APPENDIX D–AUDITED FINANCIAL STATEMENTS OF THE ISSUER–NOTES TO THE FINANCIAL STATEMENTS**" for additional information related to the Issuer's deferred outflows and inflows of resources related to pensions, actuarial assumptions, discount rate and discount rate sensitivity.

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

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

## Investment of Public Funds

The Issuer invests its funds pursuant to Chapter 12B of the Code. Presented below is the District's investing activities as of January 31, 2021.

<u>Type of Investment</u>	<u>Amount Invested</u>
Local Bank Money Market	\$24,899,342.07
Local Bank Deposit Accounts	
Local Bank Time CD's	
ISJT Money Market	
ISJT Time CD's	

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Source: the Issuer

## Population

Presented below are population figures as officially reported by the U.S. Census for the periods indicated for the cities of Adel, DeSoto and Minburn:

<u>Year</u>	<u>Adel</u>	<u>DeSoto</u>	<u>Minburn</u>
2010	3,682	1,050	365
2000	3,435	1,009	391
1990	3,304	1,033	346
1980	2,846	1,035	390
1970	2,419	572	378
1960	2,060	369	357
1950	1,784	273	353

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Source: U.S. Census Bureau

## Major Employers

Due to the close proximity, many district residents find employment in the Des Moines metropolitan area. Presented below is a summary of the largest employers in the District:

<u>Employer</u>	<u>Business</u>	<u>Approximate Employees</u>
Adel Acres	Nursing care facility	69
Adel-DeSoto-Minburn CSD	Education	238
BASE	Benefit administration	36
Dallas County	County government	273
Evo Medical Solutions	Nebulizers, CPAP therapy devices; aspirators	82
Hawkeye Breeders Service	Sire housing facility	6
Hy-Vac	Egg & chicken products	80
Inland Coatings Company	Coating & sealers	6
Iowa Spring	Coil and spring manufacturer	90
Kuder Inc.	Online college/career planning tools	60
Monarch Manufacturing	Egress window systems	95
Stine Seed Company	Seed company	225
United Brick & Tile Co	Clay Brick production	169

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Source: Locationone.com

## Property Tax Assessment

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

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

<u>Fiscal Year</u>	<u>Residential Rollback</u>	<u>Ag. Land &amp; Buildings</u>	<u>Commercial</u>	<u>Multi-residential</u>	<u>Utilities</u>
2021-22	56.4094	84.0305	90.0000	67.5000	98.5489
2020-21	55.0743	81.4832	90.0000	71.2500	100.0000
2019-20	55.6209	54.4480	90.0000	75.0000	100.0000
2018-19	56.9391	47.4996	90.0000	78.7500	100.0000
2017-18	56.9391	47.4996	90.0000	82.5000	100.0000

Source: Iowa Department of Revenue

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

### Property Valuations

Actual Valuation					
Valuation as of January	2020	2019	2018	2017	2016
Fiscal Year	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Residential:	581,037,850	558,368,146	514,721,531	501,338,581	464,365,477
Agricultural Land:	93,693,290	93,951,500	127,625,070	128,190,423	141,585,814
Ag Buildings:	3,451,180	3,347,730	4,010,670	4,019,490	4,945,330
Commercial:	69,591,474	67,573,786	67,661,659	57,996,671	49,836,510
Industrial:	13,780,708	13,837,850	14,349,365	13,717,863	9,958,511
Multiresidential:	10,727,653	10,226,184	9,259,583	7,773,632	5,727,431
Personal RE:	0		0		
Railroads:	1,352,244	1,338,380	1,297,343	1,249,864	1,164,731
Utilities:	15,114,652	14,158,131	14,556,174	13,900,119	13,436,010
Other:	10	10	90	90	90
Total Valuation:	788,749,061	762,801,717	753,481,485	728,186,733	691,019,904
Less Military:	590,827	599,088	626,304	639,641	677,345
Net Valuation:	788,158,234	762,202,629	752,855,181	727,547,092	690,342,559
TIF Valuation:	31,546,277	31,115,734	34,900,252	31,056,940	33,826,657
Utility Replacement:	112,011,497	96,008,070	25,744,534	24,472,564	25,539,550
Taxable Valuation					
Valuation as of January	2020	2019	2018	2017	2016
Fiscal Year	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Residential:	319,931,663	299,844,015	283,353,228	269,935,032	257,754,723
Agricultural Land:	78,730,920	76,554,689	71,638,993	69,796,555	66,995,696
Ag Buildings:	2,900,056	2,727,827	2,251,293	2,188,530	2,348,969
Commercial:	61,472,532	59,629,565	59,857,777	51,304,631	43,789,751
Industrial:	12,297,197	12,335,398	12,804,231	12,222,439	8,616,022
Multiresidential:	6,950,894	7,017,227	6,683,415	5,959,317	4,653,638
Personal RE:	0		0		
Railroads:	1,217,020	1,204,542	1,167,609	1,124,878	1,048,259
Utilities:	14,895,326	14,158,131	14,556,174	13,900,119	13,436,010
Other:	10	10	90	90	90
Total Valuation:	498,395,618	473,471,404	452,312,810	426,431,591	398,643,158
Less Military:	590,827	599,088	626,304	639,641	677,345
Net Valuation:	497,804,791	472,872,316	451,686,506	425,791,950	397,965,813
TIF Valuation:	31,542,089	31,111,174	34,895,692	31,052,380	32,438,197
Utility Replacement:	53,894,086	49,088,785	13,239,688	13,148,507	13,350,000

Valuation Year	Actual Valuation w/ Utilities	% Change in Actual Valuation	Taxable Valuation w/ Utilities	% Change in Taxable Valuation
2020	931,716,008	4.77%	583,240,966	5.45%
2019 (1)	888,907,643	9.27%	553,072,275	10.65%
2018	813,499,967	3.89%	499,821,886	6.35%
2017	783,076,596	4.45%	469,992,837	5.91%
2016	749,708,766	3.20%	443,754,010	5.00%

Source: Iowa Department of Management

(1) Source: Dallas County Auditor's office provided an adjusted 1/1/2019 Actual Valuation based on property assessment adjustments as noted above after the Department of Management by class of property valuation (\$889,326,433) were provided.

## Tax Rates

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

<u>Fiscal</u> <u>Year</u>	<u>Operating</u> <u>Fund</u>	<u>Management</u> <u>Fund</u>	<u>Board</u> <u>PPEL</u>	<u>Voter</u> <u>PPEL</u>	<u>Play</u> <u>Ground</u>	<u>Debt</u> <u>Service</u>	<u>School</u> <u>House</u>	<u>Total</u> <u>Levy</u>
2021	12.66744	0.47896	0.33000	1.00000	0.00000	4.05000	0.00000	18.52640
2020	13.17478	0.00000	0.33000	1.00000	0.00000	4.05000	0.00000	18.55478
2019	13.13726	0.03294	0.33000	1.00000	0.00000	4.04980	0.00000	18.55000
2018	11.80877	0.74324	0.33000	1.00000	0.00000	4.04719	0.00000	17.92920
2017	11.87580	1.09911	0.33000	1.00000	0.00000	3.62186	0.00000	17.92677
2016	12.01912	1.05548	0.33000	1.00000	0.00000	3.53234	0.00000	17.93694

Source: Iowa Department of Management

## Historic Tax Rates

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

### City of Adel

<u>Fiscal</u> <u>Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Total</u> <u>Levy Rate</u>
2021	14.30237	18.52640	0.63533	0.00270	0.24430	0.05999	0.44912	3.70231	37.92252
2020	14.26348	18.55478	0.65249	0.00280	0.27842	0.06314	0.39971	4.16317	38.37799
2019	14.27545	18.55000	0.69468	0.00290	0.25251	0.06898	0.54001	4.22888	38.61341
2018	14.30433	17.92920	0.67458	0.00310	0.27309	0.06979	0.54001	3.90713	37.70123
2017	14.34877	17.92677	0.72334	0.00330	0.32072	0.07569	0.54055	3.98887	37.92801
2016	14.55899	17.93694	0.67574	0.00330	0.31371	0.07934	0.54042	3.86494	37.97338

### City of DeSoto

<u>Fiscal</u> <u>Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Total</u> <u>Levy Rate</u>
2021	12.70079	18.52640	0.63533	0.00270	0.24430	0.05999	0.44912	3.70231	36.32094
2020	12.70163	18.55478	0.65249	0.00280	0.27842	0.06314	0.39971	4.16317	36.81614
2019	12.81933	18.55000	0.69468	0.00290	0.25251	0.06898	0.54001	4.22888	37.15729
2018	12.88252	17.92920	0.67458	0.00310	0.27309	0.06979	0.54001	3.90713	36.27942
2017	12.63714	17.92677	0.72334	0.00330	0.32072	0.07569	0.54055	3.98887	36.21638
2016	12.49036	17.93694	0.67574	0.00330	0.31371	0.07934	0.54042	3.86494	35.90475

### City of Minburn

<u>Fiscal</u> <u>Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Total</u> <u>Levy Rate</u>
2021	15.23861	18.52640	0.63533	0.00270	0.24430	0.05999	0.44912	3.70231	38.85876
2020	15.57652	18.55478	0.65249	0.00280	0.27842	0.06314	0.39971	4.16317	39.69103
2019	15.63618	18.55000	0.69468	0.00290	0.25251	0.06898	0.54001	4.22888	39.97414
2018	15.96410	17.92920	0.67458	0.00310	0.27309	0.06979	0.54001	3.90713	39.36100
2017	15.72819	17.92677	0.72334	0.00330	0.32072	0.07569	0.54055	3.98887	39.30743
2016	11.45127	17.93694	0.67574	0.00330	0.31371	0.07934	0.54042	3.86494	34.86566

Source: Iowa Department of Management

## Tax Collection History

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

<u>Fiscal</u> <u>Year</u>	<u>Amount</u> <u>Levied</u>	<u>Amount</u> <u>Collected</u>	<u>Percentage</u> <u>Collected</u>
2021	\$9,887,476	In collection	
2020	8,870,413	\$8,987,048	101.31%
2019	8,360,317	8,317,383	99.49%
2018	7,639,141	7,710,156	100.93%
2017	7,199,901	7,207,590	101.26%
2016	7,175,676	7,180,908	100.07%

Source: the Issuer

## Largest Taxpayers

Set forth in the following table are the persons or entities which represent the 2019 largest taxpayers within the Issuer, as provided by the Auditors Offices of each of said counties. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the District. The District's tax levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the District from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the tax levies of the other taxing entities which overlap the properties.

<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>	<u>Percent of Total</u>
Mid American Energy	47,736,945	8.63%
Northern Natural Gas Co	9,965,933	1.80%
Stine Seed Farm Inc	8,906,585	1.61%
Heartland Co-op	6,204,797	1.12%
Midwest Oilseeds Inc	3,519,208	0.64%
Sioux City Brick and Tile Company	3,444,246	0.62%
Adeline Investments Co	2,907,000	0.53%
Century Link fka Qwest Corporation	2,522,569	0.46%
Casey's Marketing Company	1,939,549	0.35%
West Worldwide Services Inc	1,922,859	0.35%
Total of Top 10 Taxpayers:		16.10%

Source: Dallas and Madison County Auditor's Offices

### (i) 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.

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## Direct Debt

### General Obligation School Bonds (Debt Service)

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

Fiscal Year	(2) 5/1/12	5/1/14	(2) 6/25/15	12/20/19	5/1/20	4/29/21	Called 5/1/12 (1)	Escrowed 5/1/14 (1)	Principal Total	Interest Total	P&I Total
2021	950,000		40,000	50,000	310,000		-110,000		1,240,000	997,255	2,237,255
2022				155,000	125,000	1,125,000			1,405,000	956,823	2,361,823
2023				165,000	140,000	805,000			1,110,000	873,060	1,983,060
2024				170,000	140,000	850,000			1,160,000	823,660	1,983,660
2025				560,000	140,000	500,000			1,200,000	780,360	1,980,360
2026				115,000	130,000	1,000,000			1,245,000	744,360	1,989,360
2027		430,000		120,000	135,000	450,000			1,135,000	707,010	1,842,010
2028		1,190,000		125,000	145,000			-65,000	1,395,000	672,960	2,067,960
2029		1,230,000		125,000	140,000			-65,000	1,430,000	632,360	2,062,360
2030		1,270,000		135,000	145,000			-70,000	1,480,000	587,798	2,067,798
2031		1,320,000		140,000	145,000			-70,000	1,535,000	532,748	2,067,748
2032		1,370,000		150,000	140,000			-70,000	1,590,000	475,388	2,065,388
2033		1,425,000		155,000	140,000			-70,000	1,650,000	415,963	2,065,963
2034		1,485,000		155,000	140,000			-70,000	1,710,000	354,075	2,064,075
2035				1,445,000	330,000				1,775,000	289,788	2,064,788
2036				1,490,000	325,000				1,815,000	247,375	2,062,375
2037				1,535,000	325,000				1,860,000	203,355	2,063,355
2038				1,580,000	325,000				1,905,000	157,533	2,062,533
2039				1,625,000	330,000				1,955,000	109,863	2,064,863
2040					2,005,000				2,005,000	60,150	2,065,150
Totals:	950,000	9,720,000	40,000	9,995,000	5,755,000	4,730,000	-110,000	-480,000	30,600,000	10,621,880	41,221,880

Source: the Issuer

(1) The District implemented prepayment levies in FY2019 of the 2012 bonds, and in FY2020 for the 2014 Bonds. The prepayment levy impacts are outlined above. The prepayment levy applies to principal as outlined and interest payments for those bonds due after the call date.

(2) Remaining Series 2012 and 2015 Bonds called as of May 1, 2021

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

Presented below is the principal and interest on the District's outstanding general obligation capital loan notes, presented by fiscal year and issue:

Fiscal Year	4/27/18	Principal Total	Interest Total	P&I Total
2021	145,000	145,000	8,439	153,439
2022	150,000	150,000	4,350	154,350
Totals:	295,000	295,000	12,789	307,789

### Anticipatory Warrants

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

## School Infrastructure Sales, Services & Use Tax Revenue Bonds

Presented below is the principal and interest on the District's outstanding school infrastructure sales, services and use tax revenue bonds, presented by fiscal year and issue:

Fiscal Year	Series A 28-Mar-16	Series B 28-Mar-16	Principal Total	Interest Total	Payment Total
2021	120,000	120,000	240,000	55,106	295,106
2022	122,500	122,500	245,000	50,066	295,066
2023	125,000	125,000	250,000	44,799	294,799
2024	127,500	127,500	255,000	39,299	294,299
2025	130,000	130,000	260,000	33,434	293,434
2026	132,500	132,500	265,000	27,389	292,389
2027	135,000	135,000	270,000	21,095	291,095
2028	140,000	140,000	280,000	14,480	294,480
2029	142,500	142,500	285,000	7,410	292,410
2030			0	0	0
Totals:	1,175,000	1,175,000	2,350,000	293,078	2,643,078

Source: the Issuer

## Debt Limit

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

1/1/2019 Actual Valuation:	888,907,643
X	0.05
Statutory Debt Limit:	44,445,382
Total GO Bond Debt:	30,600,000
Total GO PPEL Debt:	295,000
Total Tech Leases:	
Capital Leases:	
Total Debt Subject to Limit:	30,895,000
Percentage of Debt Limit Obligated:	69.51%

It has not been determined whether the District's Sales Tax Revenue Bonds do or do not count against the constitutional debt limit. If the Bonds do count against the constitutional debt limit, the amount of debt subject to the debt limit would increase \$2,350,000 to be \$33,245,000, or 74.80% of the statutory debt limit.

### <sup>(1)</sup> 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.

Source: Iowa Department of Management



## Overlapping & Underlying Debt

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

<u>Taxing Authority</u>	<u>Outstanding Debt</u>	<u>2019 Taxable Valuation</u>	<u>Taxable Value Within Issuer</u>	<u>Percentage Applicable</u>	<u>Amount Applicable</u>
City of Adel	7,415,000	166,718,125	166,718,125	100.00%	7,415,000
City of DeSoto	1,550,000	44,234,821	44,234,821	100.00%	1,550,000
City of Minburn	184,000	10,643,657	10,643,657	100.00%	184,000
Dallas County	25,455,000	7,146,490,966	539,210,748	7.55%	1,920,608
Madison County	585,000	1,057,009,651	13,861,527	1.31%	7,672
Des Moines Area Community College	105,475,000	54,207,834,621	553,072,275	1.02%	1,076,141
Heartland Area Education Agency	0	54,207,834,621	553,072,275	1.02%	0
Total:					12,153,421

Source: Iowa Department of Management

## Financial Summary

Actual Value of Property, 2020:	931,716,008
Taxable Value of Property, 2020:	583,240,966
Direct General Obligation Debt:	30,895,000
Overlapping Debt:	12,153,421
Direct & Overlapping General Obligation Debt:	43,048,421
Population, 2010 US Census:	7,832
Direct Debt per Capita:	3,945
Total Debt per Capita:	5,496
Direct Debt to Taxable Valuation:	5.297%
Total Debt to Taxable Valuation:	7.381%
Direct Debt to Actual Valuation:	3.316%
Total Debt to Actual Valuation:	4.620%
Actual Valuation per Capita:	118,963
Taxable Valuation per Capita:	74,469

Source: Iowa Department of Management

## APPENDIX B – FORM OF LEGAL OPINION

### DRAFT

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Directors of the Adel-DeSoto-Minburn Community School District in the Counties of Dallas and Madison, State of Iowa, and acts of administrative officers of the School District (the "Issuer"), relating to the issuance of General Obligation School Refunding Bonds, Series 2021, by said Issuer, dated April 29, 2021, in the denominations of \$5,000 or multiples thereof, in the aggregate amount of \$ \_\_\_\_\_ (the "Bonds").

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

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

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

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

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

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

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

AHLERS & COONEY, P.C.

## APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE

### DRAFT

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Adel-DeSoto-Minburn Community School District, State of Iowa (the "Issuer"), in connection with the issuance of \$ \_\_\_\_\_ General Obligation School Refunding Bonds, Series 2021 (the "Bonds") dated April 29, 2021. The Bonds are being issued pursuant to a Resolution of the Issuer approved on \_\_\_\_\_, 2021 (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 \_\_\_\_\_, 2021.

"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 2020/2021 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

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

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

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

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

Section 5. Reporting of Significant Events.

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

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

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

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

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

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

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

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

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

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

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

Date: \_\_\_\_\_ day of \_\_\_\_\_, 2021.

ADEL-DESOTO-MINBURN 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: Adel-DeSoto-Minburn Community School District, Iowa.

Name of Bond Issue: \$ \_\_\_\_\_ General Obligation School Refunding Bonds, Series 2021

Dated Date of Issue: April 29, 2021

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\_\_\_\_.

ADEL-DESOTO-MINBURN COMMUNITY  
SCHOOL DISTRICT, STATE OF IOWA

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

## **APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER**

This Appendix contains the entire 2020 audited financial statement of the issuer. The Auditor of State of the State of Iowa (the "State Auditor") maintains a webpage that contains prior years' audits of city, county, school district and community college, including audits of the Issuer, which can be found at the following link <https://www.auditor.iowa.gov/reports/audit-reports>

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ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2020

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**Adel-Desoto-Minburn Community School District**

**Officials**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term Expires</u></b>
<b>Board of Education (Before November 2019 Election)</b>		
Tim Canney	President	2019
Bart Banwart	Vice President	2019
Kim Roby	Board Member	2019
Rod Collins	Board Member	2021
Pat Steele	Board Member	2019
<b>Board of Education (After November 2019 Election)</b>		
Tim Canney	President	2023
Bart Banwart	Vice President	2021
Heith Hockenberry	Board Member	2023
Rod Collins	Board Member	2021
Nikki West	Board Member	2023
<b>School Officials</b>		
Greg Dufoe	Superintendent	2020
Nancy Gee	Board Secretary/Business Manager	2020
Ahlers & Cooney	Attorney	2020

**NOLTE, CORNMAN & JOHNSON P.C.**  
Certified Public Accountants  
(a professional corporation)  
117 West 3rd Street North, Newton, Iowa 50208-3040  
Telephone (641) 792-1910

**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Education of Adel-DeSoto-Minburn Community School District:**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Adel-DeSoto-Minburn Community School District, Adel, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Adel-DeSoto-Minburn Community School District as of June 30, 2020, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## **Other Matters**

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 16 and 48 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Adel-DeSoto-Minburn 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 five years ended June 30, 2019 (which are not present herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 11, 2021 on our consideration of Adel-DeSoto-Minburn 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 Adel-DeSoto-Minburn Community School District's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Nolte, Cornman & Johnson P.C.", written in a cursive, stylized script.

NOLTE, CORNMAN & JOHNSON, P.C.

January 11, 2021  
Newton, Iowa

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Adel-DeSoto-Minburn 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, 2020. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2020 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$20,116,819 in fiscal year 2019 to \$20,847,488 in fiscal year 2020, while General Fund expenditures increased from \$19,320,991 in fiscal year 2019 to \$19,759,747 in fiscal year 2020. The District's General Fund balance increased from \$3,293,271 at June 30, 2019 to \$4,381,012 at June 30, 2020, an increase of 33.03%, or \$1,087,741, from the prior year.
- The increase in General Fund revenues was mainly due to increases in state source and local tax revenues received compared to the prior year. The District also received a payment of \$76,076 from the elementary and secondary school emergency relief due to the Covid-19 pandemic. The increase in expenditures was due primarily to an increase in negotiated salaries and benefits. Salary and benefit payments for contracted employees continued during the pandemic shutdown. Savings in expenses were realized in sub costs, transportation, and utilities, which resulted in a lower increase to expenses than expected.
- The District's total net position increased from \$14,289,207 at June 30, 2019 to \$16,616,253 at June 30, 2020. Total revenues increased from \$25,992,243 in fiscal year 2019 to \$26,954,733 in fiscal year 2020, a 3.70% increase, while total expenses increased from \$24,250,935 in fiscal year 2019 to \$24,627,687 in fiscal year 2020, a 1.55% increase compared to the prior year. Revenues from unrestricted state grants increased \$561,825 and property tax revenues increased \$627,044 leading to the increase in total revenues. The increase in total expenses occurred mainly in the other expenses and instruction functions.

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

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

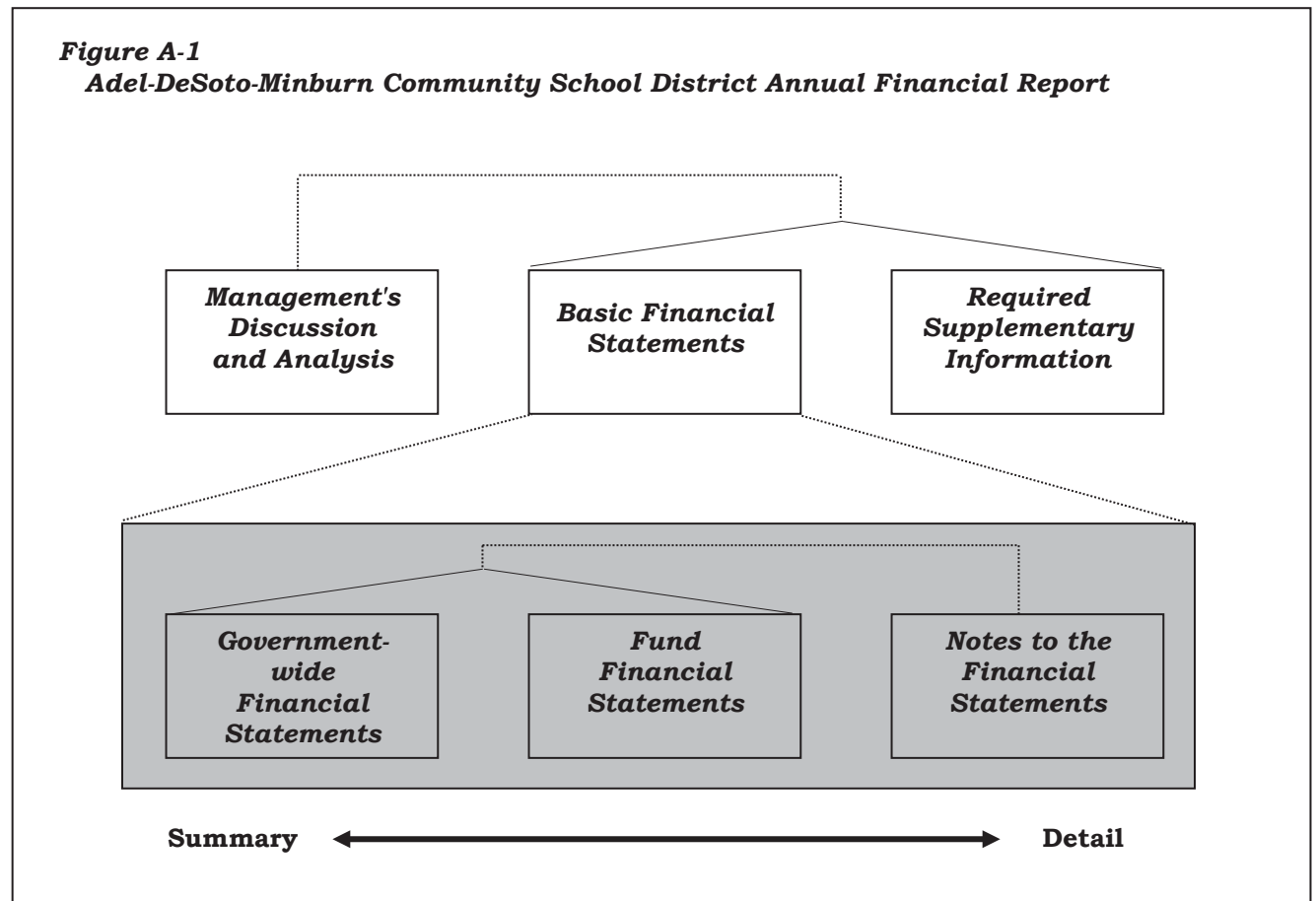




Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2</b>				
<b>Major Features of the Government-Wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	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	<ul style="list-style-type: none"> <li>Statement of net position</li> <li>Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance sheet</li> <li>Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>Statement of net position</li> <li>Statement of revenues, expenses and changes in fund net position</li> <li>Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>Statement of fiduciary net position</li> <li>Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	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.

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

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

## **Fund Financial Statements**

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

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

The District has three kinds of funds:

- 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 Debt Service Fund and the Capital Projects 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 Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and Childcare Fund.

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

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for the assets that belong to others. These funds include Private Purpose Trust Fund and Agency Fund, as follows:

- Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds - These are funds through which the District administers and accounts for certain funds held for other entities.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purpose and by those 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 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, 2020 compared to June 30, 2019.

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,
	2020	2019	2020	2019	2020	2019	2019-20
Current and other assets	\$ 38,794,814	23,156,018	885,662	826,248	39,680,476	23,982,266	65.46%
Capital assets	32,833,823	29,989,857	88,870	73,849	32,922,693	30,063,706	9.51%
Total assets	71,628,637	53,145,875	974,532	900,097	72,603,169	54,045,972	34.34%
Deferred outflows of resources	2,524,460	3,041,104	68,751	82,018	2,593,211	3,123,122	-16.97%
Long-term liabilities	43,453,682	30,415,234	265,142	287,447	43,718,824	30,702,681	42.39%
Other liabilities	3,306,979	2,730,935	77,158	60,282	3,384,137	2,791,217	21.24%
Total liabilities	46,760,661	33,146,169	342,300	347,729	47,102,961	33,493,898	40.63%
Deferred inflows of resources	11,435,507	9,372,498	41,659	13,491	11,477,166	9,385,989	22.28%
Net position:							
Net investment in capital assets	12,859,557	10,224,857	88,870	73,849	12,948,427	10,298,706	25.73%
Restricted	8,159,614	8,693,773	-	-	8,159,614	8,693,773	-6.14%
Unrestricted	(5,062,242)	(5,250,318)	570,454	547,046	(4,491,788)	(4,703,272)	4.50%
Total net position	\$ 15,956,929	13,668,312	659,324	620,895	16,616,253	14,289,207	16.29%

The District's total net position increased 16.29%, or \$2,327,046, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$534,159, or 6.14%, from the prior year. The decrease in restricted net position is primarily due to the decrease in the amount restricted for school infrastructure.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased \$211,484, or 4.50%. This improvement in unrestricted net position was primarily a result of the increase in the District's unassigned General Fund balance.

Figure A-4 shows the changes in net position for the year ended June 30, 2020 compared to the year ended June 30, 2019.

Figure A-4 Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2020	2019	2020	2019	2020	2019	2019-20
Revenues:							
Program revenues:							
Charges for service	\$ 2,133,814	2,325,999	515,022	659,240	2,648,836	2,985,239	-11.27%
Operating grants, contributions and restricted interest	1,338,456	1,380,085	419,991	331,465	1,758,447	1,711,550	2.74%
Capital grants, contributions and restricted interest	12,017	11,150	-	-	12,017	11,150	7.78%
General revenues:							
Property tax	8,997,771	8,370,727	-	-	8,997,771	8,370,727	7.49%
Statewide sales, services and use tax	1,860,889	1,769,434	-	-	1,860,889	1,769,434	5.17%
Unrestricted state grants	11,360,115	10,798,290	-	-	11,360,115	10,798,290	5.20%
Unrestricted investment earnings	260,218	199,370	13,547	12,257	273,765	211,627	29.36%
Other	36,471	128,711	6,422	5,515	42,893	134,226	-68.04%
Total revenues	25,999,751	24,983,766	954,982	1,008,477	26,954,733	25,992,243	3.70%
Program expenses:							
Instruction	13,274,031	13,139,116	-	-	13,274,031	13,139,116	1.03%
Support services	7,530,487	7,472,070	1,276	1,237	7,531,763	7,473,307	0.78%
Non-instructional programs	-	3,000	888,576	904,862	888,576	907,862	-2.12%
Other expenses	2,933,317	2,730,650	-	-	2,933,317	2,730,650	7.42%
Total expenses	23,737,835	23,344,836	889,852	906,099	24,627,687	24,250,935	1.55%
Excess of revenues over expenses	2,261,916	1,638,930	65,130	102,378	2,327,046	1,741,308	33.64%
Transfers	26,701	30,243	(26,701)	(30,243)	-	-	0.00%
Change in net position	2,288,617	1,669,173	38,429	72,135	2,327,046	1,741,308	33.64%
Net position beginning of year	13,668,312	11,999,139	620,895	548,760	14,289,207	12,547,899	13.88%
Net position end of year	\$ 15,956,929	13,668,312	659,324	620,895	16,616,253	14,289,207	16.29%

In fiscal year 2020, property tax and unrestricted state grants accounted for 78.30% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 97.91% of the revenue from business type activities.

The District's total revenues were approximately \$26.95 million, of which approximately \$26.00 million was for governmental activities and approximately \$0.95 million was for business type activities. As shown in Figure A-4, the District as a whole experienced a 3.70% increase in revenues and a 1.55% increase in expenses. Revenues from unrestricted state grants increased \$561,825 and revenues from property tax increased \$627,044 to fund the increase in expenses. The increase in expenses occurred mainly in the other expenses and instruction functional areas.

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## Governmental Activities

Revenues for governmental activities were \$25,999,751 and expenses were \$23,737,835 for the year ended June 30, 2020.

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, 2020 compared to those expenses for the year ended June 30, 2019.

Figure A-5 Total and Net Cost of Governmental Activities						
Total Cost of Services			Net Cost of Services			
2020	2019	Change 2019-20	2020	2019	Change 2019-20	
Instruction	\$ 13,274,031	13,139,116	1.03%	10,663,254	10,224,462	4.29%
Support services	7,530,487	7,472,070	0.78%	7,441,677	7,406,283	0.48%
Support services	-	3,000	-100.00%	-	3,000	-100.00%
Other expenses	2,933,317	2,730,650	7.42%	2,148,617	1,993,857	7.76%
Total	\$ 23,737,835	23,344,836	1.68%	20,253,548	19,627,602	3.19%

For the year ended June 30, 2020:

- The cost financed by users of the District's programs was \$2,133,814.
- Federal and state governments, along with local sources, subsidized certain programs and projects with grants and contributions totaling \$1,350,473.
- The net cost of governmental activities was financed with \$8,997,771 of property tax, \$1,860,889 of statewide sales, services and use tax, \$11,360,115 in unrestricted state grants, \$260,218 in interest income and \$36,471 in other general revenues.

## Business Type Activities

Revenues of the District's business type activities were \$954,982 and expenses were \$889,852 for the year ended June 30, 2020. The District's business type activities are comprised of the School Nutrition Fund and the Childcare Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, interest income and other general revenues.

## INDIVIDUAL FUND ANALYSIS

As previously noted, Adel-DeSoto-Minburn 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 \$25,888,509, above last year's ending fund balances of \$11,702,181. The primary reason for the increase in combined fund balances was \$13,645,734 of unspent general obligation bond proceeds received in fiscal year 2020.

## Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The fund balance increased from \$3,293,271 at June 30, 2019 to \$4,381,012 at June 30, 2020. The increase in fund balance was mainly caused by significant increases in property tax revenues and revenues from state sources combined with a less significant increase in expenditures.
- The Capital Projects Fund balance increased from \$6,313,214 at June 30, 2019 to \$19,568,058 at June 30, 2020. The primary reason for the increase in fund balance was unexpended bond proceeds which will be expended as the new elementary school project is completed.

- The Debt Service Fund balance increased from \$79,129 at June 30, 2019 to \$105,558 at June 30, 2020. Revenues and expenditures did not vary significantly from the prior year.

### Proprietary Fund Highlights

- The School Nutrition Fund net position increased from \$383,206 at June 30, 2019 to \$423,049 at June 30, 2020, an increase of 17.37%. Total revenues and expenses were comparable to the prior year.
- The Childcare Fund net position decreased slightly from \$237,689 at June 30, 2019 to \$236,275 at June 30, 2020, a decrease of 0.59%. Revenues from charges for service decreased 16.79%, or \$9,788, total revenues were less than total expenses, causing the slight decrease in net position.

### BUDGETARY HIGHLIGHTS

The District's total revenues were \$373,533 less than total budgeted revenues, a variance of 1.37%. The most significant variance resulted from the District receiving less from local sources than originally anticipated.

Total expenditures were less than budgeted, due in part 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.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2020, the District had invested \$32,922,693, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities and transportation equipment. (See Figure A-6) This represents a net increase of 9.51% from the prior year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$1,654,165.

The original cost of the District's capital assets was \$51,204,827. Governmental activities accounted for \$50,838,807 with the remainder of \$366,020 accounted for in the District's business type activities.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$2,361,369 at June 30, 2020, compared to \$0 at June 30, 2019. The significant increase resulted from construction activities financed by the issuance of voter approved general obligation bonds totaling \$15,750,000 in fiscal year 2020 for construction of a new elementary school.

Figure A-6 Capital Assets, Net of Depreciation							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-20
Land	\$ 2,528,981	669,715	-	-	2,528,981	669,715	277.62%
Construction in progress	2,361,369	-	-	-	2,361,369	-	0.00%
Buildings	22,578,897	23,663,637	-	-	22,578,897	23,663,637	-4.58%
Land improvements	4,718,427	4,976,955	-	-	4,718,427	4,976,955	-5.19%
Machinery and equipment	646,149	679,550	88,870	73,849	735,019	753,399	-2.44%
Total	<u>\$ 32,833,823</u>	<u>29,989,857</u>	<u>88,870</u>	<u>73,849</u>	<u>32,922,693</u>	<u>30,063,706</u>	<u>9.51%</u>

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## Long-Term Debt

At June 30, 2020, the District had \$33,620,000 of total long-term debt outstanding. This represents a net increase of 70.10% from the prior year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

- The District had outstanding general obligation bonded indebtedness of \$30,975,000 at June 30, 2020.
- The District had outstanding revenue bonded indebtedness of \$2,350,000 at June 30, 2020, payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.
- The District had outstanding capital loan notes of \$295,000 at June 30, 2020, payable from the Capital Projects: Physical Plant and Equipment Levy Fund.

Figure A-7			
Outstanding Long-Term Obligations			
	Total District		Total Change
	June 30,		June 30,
	2020	2019	2019-20
General obligation bonds	\$ 30,975,000	16,740,000	85.04%
Revenue bonds	2,350,000	2,590,000	-9.27%
Capital loan notes	295,000	435,000	-32.18%
Total	<u>\$ 33,620,000</u>	<u>19,765,000</u>	<u>70.10%</u>

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The City of Adel has an aggressive tax abatement program which has impacted enrollment growth. Due to the desirability of ADM Schools along with the close proximity to the metro area, enrollment is expected to increase even with the tax abatement program ending in 2020. Enrollment growth generates more funding but the funding is not received until a year later. Due to this lag year in funding, it is difficult to cover all of the added expenses for additional staff and keep the class sizes at a reasonable level.
- The District completed a Facility Master Plan to determine space needs due to continued enrollment growth. This plan was presented to the Board in January, 2019. On June 25, 2019 the voters approved to bond for \$15,750,000 to build a new elementary school. Construction on the new building started in April 2020 and is expected to be completed in July 2021. At the end of 2020 the SAVE Fund had a balance of \$5,262,973. The District will use SAVE dollars to help with the new building costs.
- At the end of 2020 the SAVE Fund had a balance of \$5,262,973. The District will use SAVE dollars to help with the new building costs.
- The District's special education deficit increased from \$522,047 in 2019 to \$775,072 on June 30, 2020. The District is expecting another increase to the deficit at the end of June 2021. This increase will negatively affect the General Fund balance and could impact property tax rates.
- The District was restricted from levying additional cash for several years and was forced to spend down the fund balance. The District did levy for additional cash for 2019 and 2020.

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## **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 Nancy Gee, Board Secretary/Business Manager, Adel-DeSoto-Minburn Community School District, 215 N. 11th Street, Adel, Iowa, 50003.



## BASIC FINANCIAL STATEMENTS

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 28,275,666	844,337	29,120,003
Receivables:			
Property tax:			
Delinquent	122,371	-	122,371
Succeeding year	9,887,476	-	9,887,476
Accounts	69,387	2,800	72,187
Due from other governments	439,914	29,517	469,431
Inventories	-	9,008	9,008
Capital assets not being depreciated:			
Land and construction in progress	4,890,350	-	4,890,350
Capital assets, net of accumulated depreciation			
Buildings and land improvements and machinery and equipment	27,943,473	88,870	28,032,343
<b>Total assets</b>	<b>71,628,637</b>	<b>974,532</b>	<b>72,603,169</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	2,399,911	65,688	2,465,599
OPEB related deferred outflows	124,549	3,063	127,612
<b>Total Deferred Outflows of Resources</b>	<b>2,524,460</b>	<b>68,751</b>	<b>2,593,211</b>
<b>Liabilities</b>			
Accounts payable	1,154,082	4,326	1,158,408
Salaries and benefits payable	1,757,715	12,850	1,770,565
Advances for student fees	103,055	-	103,055
Advances from grantors	3,977	-	3,977
Unamortized net bond premiums/discounts	48,252	-	48,252
Accrued interest payable	239,898	-	239,898
Unearned revenue	-	59,982	59,982
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	1,240,000	-	1,240,000
Revenue bonds	240,000	-	240,000
Capital loan note	145,000	-	145,000
Portion due after one year:			
General obligation bonds	29,735,000	-	29,735,000
Revenue bonds	2,110,000	-	2,110,000
Capital loan note	150,000	-	150,000
Net pension liability	8,866,956	241,370	9,108,326
Total OPEB liability	966,726	23,772	990,498
<b>Total liabilities</b>	<b>46,760,661</b>	<b>342,300</b>	<b>47,102,961</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	9,887,476	-	9,887,476
Pension related deferred inflows	1,365,582	37,173	1,402,755
OPEB related deferred inflows	182,449	4,486	186,935
<b>Total deferred inflows of resources</b>	<b>11,435,507</b>	<b>41,659</b>	<b>11,477,166</b>
<b>Net Position</b>			
Net investment in capital assets	12,859,557	88,870	12,948,427
Restricted for:			
Categorical funding	403,409	-	403,409
Management levy purposes	1,597,274	-	1,597,274
Student activities	236,607	-	236,607
School infrastructure	5,227,935	-	5,227,935
Physical plant and equipment	694,389	-	694,389
Unrestricted	(5,062,242)	570,454	(4,491,788)
<b>Total net position</b>	<b>\$ 15,956,929</b>	<b>659,324</b>	<b>16,616,253</b>

SEE NOTES TO FINANCIAL STATEMENTS.

**ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<b>Functions/Programs:</b>							
Governmental activities:							
Instruction:							
Regular	\$ 8,470,338	1,372,847	130,925	-	(6,966,566)	-	(6,966,566)
Special	3,002,328	316,798	202,462	-	(2,483,068)	-	(2,483,068)
Other	1,801,365	439,691	148,054	-	(1,213,620)	-	(1,213,620)
	13,274,031	2,129,336	481,441	-	(10,663,254)	-	(10,663,254)
Support services:							
Student	577,848	-	24,276	-	(553,572)	-	(553,572)
Instructional staff	1,383,535	-	15,954	-	(1,367,581)	-	(1,367,581)
Administration	2,270,031	-	-	-	(2,270,031)	-	(2,270,031)
Operation and maintenance of plant	2,370,760	-	10,285	12,017	(2,348,458)	-	(2,348,458)
Transportation	928,313	4,478	21,800	-	(902,035)	-	(902,035)
	7,530,487	4,478	72,315	12,017	(7,441,677)	-	(7,441,677)
Long-term debt interest	744,295	-	-	-	(744,295)	-	(744,295)
Other expenditures:							
AEA flowthrough	784,700	-	784,700	-	-	-	-
Depreciation (unallocated)*	1,404,322	-	-	-	(1,404,322)	-	(1,404,322)
	2,189,022	-	784,700	-	(1,404,322)	-	(1,404,322)
Total governmental activities	23,737,835	2,133,814	1,338,456	12,017	(20,253,548)	-	(20,253,548)
Business type activities:							
Support services:							
Administration	1,276	-	-	-	-	(1,276)	(1,276)
Non-instructional programs:							
Food service operations	835,072	466,500	419,991	-	-	51,419	51,419
Community service operations	53,504	48,522	-	-	-	(4,982)	(4,982)
	888,576	515,022	419,991	-	-	46,437	46,437
Total business type activities	889,852	515,022	419,991	-	-	45,161	45,161
Total	\$ 24,627,687	2,648,836	1,758,447	12,017	(20,253,548)	45,161	(20,208,387)
<b>General Revenues and Transfers:</b>							
Property tax levied for:							
General purposes				\$ 6,272,451	-		6,272,451
Debt service				2,051,589	-		2,051,589
Capital outlay				673,731	-		673,731
Statewide sales, services and use tax				1,860,889	-		1,860,889
Unrestricted state grants				11,360,115	-		11,360,115
Unrestricted investment earnings				260,218	13,547		273,765
Other				36,471	6,422		42,893
Transfers				26,701	(26,701)		-
Total general revenues and transfers				22,542,165	(6,732)		22,535,433
Change in net position				2,288,617	38,429		2,327,046
Net position beginning of year				13,668,312	620,895		14,289,207
Net position end of year				\$ 15,956,929	659,324		16,616,253

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

SEE NOTES TO FINANCIAL STATEMENTS.

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General	Capital Projects	Debt Service	Nonmajor	Total
<b>Assets</b>					
Cash and pooled investments	\$ 6,367,461	19,987,236	78,782	1,842,187	28,275,666
Receivables:					
Property tax:					
Delinquent	85,390	9,104	27,723	154	122,371
Succeeding year	6,661,949	735,586	2,239,943	249,998	9,887,476
Accounts	42,557	11,311	53	15,466	69,387
Due from other governments	282,995	156,919	-	-	439,914
<b>Total assets</b>	<b>\$ 13,440,352</b>	<b>20,900,156</b>	<b>2,346,501</b>	<b>2,107,805</b>	<b>38,794,814</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 538,339	596,512	1,000	18,231	1,154,082
Salaries and benefits payable	1,756,840	-	-	875	1,757,715
Advances for student fees	98,235	-	-	4,820	103,055
Advances from grantors	3,977	-	-	-	3,977
Total liabilities	2,397,391	596,512	1,000	23,926	3,018,829
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	6,661,949	735,586	2,239,943	249,998	9,887,476
Fund balances:					
Restricted for:					
Categorical funding	403,409	-	-	-	403,409
Debt service	-	-	105,558	-	105,558
Management levy purposes	-	-	-	1,597,274	1,597,274
Student activities	-	-	-	236,607	236,607
School infrastructure	-	18,873,669	-	-	18,873,669
Physical plant and equipment	-	694,389	-	-	694,389
Assigned	173,343	-	-	-	173,343
Unassigned	3,804,260	-	-	-	3,804,260
Total fund balances	4,381,012	19,568,058	105,558	1,833,881	25,888,509
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 13,440,352</b>	<b>20,900,156</b>	<b>2,346,501</b>	<b>2,107,805</b>	<b>38,794,814</b>

SEE NOTES TO FINANCIAL STATEMENTS.

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020

<b>Total fund balances of governmental funds (page 20)</b>	<b>\$ 25,888,509</b>
<b><i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i></b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	32,833,823
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the government funds.	(239,898)
Net premiums/discounts associated with bond issuances are amortized over the life of the bonds in the government-wide financial statements.	(48,252)
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	\$ 2,524,460
Deferred inflows of resources	<u>(1,548,031)</u> 976,429
Long-term liabilities, including general obligation bonds payable, revenue bonds payable, capital loan notes 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>(43,453,682)</u>
<b>Net position of governmental activities (page 18)</b>	<b><u><u>\$ 15,956,929</u></u></b>

SEE NOTES TO FINANCIAL STATEMENTS.

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 6,272,296	673,731	2,051,589	155	8,997,771
Tuition	1,560,395	-	-	-	1,560,395
Other	335,557	165,947	8,630	443,643	953,777
Intermediate sources	225	22	69	-	316
State sources	12,163,054	1,861,115	688	-	14,024,857
Federal sources	462,635	-	-	-	462,635
Total revenues	20,794,162	2,700,815	2,060,976	443,798	25,999,751
Expenditures:					
Current:					
Instruction:					
Regular	7,990,349	79,982	-	47,359	8,117,690
Special	2,871,315	-	-	-	2,871,315
Other	1,376,518	-	-	388,037	1,764,555
	12,238,182	79,982	-	435,396	12,753,560
Support services:					
Student	575,896	-	-	-	575,896
Instructional staff	1,257,224	65,735	-	1,199	1,324,158
Administration	2,232,932	234,544	-	5,627	2,473,103
Operation and maintenance of plant	1,961,958	-	-	130,364	2,092,322
Transportation	704,855	144,626	-	57,898	907,379
	6,732,865	444,905	-	195,088	7,372,858
Capital outlay	-	4,531,060	-	-	4,531,060
Long-term debt:					
Principal	-	-	1,895,000	-	1,895,000
Interest and fiscal charges	-	-	591,594	-	591,594
	-	-	2,486,594	-	2,486,594
Other expenditures:					
AEA flowthrough	784,700	-	-	-	784,700
Total expenditures	19,755,747	5,055,947	2,486,594	630,484	27,928,772
Excess (Deficiency) of revenues over (under) expenditures	1,038,415	(2,355,132)	(425,618)	(186,686)	(1,929,021)
Other financing sources (uses):					
Insurance proceeds	26,625	-	-	-	26,625
General obligation bond proceeds	-	15,750,000	-	-	15,750,000
Premium on bond issuance	-	377,377	-	-	377,377
Discount on bond issuance	-	(65,354)	-	-	(65,354)
Transfer in	26,701	-	452,047	4,000	482,748
Transfer out	(4,000)	(452,047)	-	-	(456,047)
Total other financing sources (uses)	49,326	15,609,976	452,047	4,000	16,115,349
Change in fund balances	1,087,741	13,254,844	26,429	(182,686)	14,186,328
Fund balances beginning of year	3,293,271	6,313,214	79,129	2,016,567	11,702,181
Fund balances end of year	\$ 4,381,012	19,568,058	105,558	1,833,881	25,888,509

SEE NOTES TO FINANCIAL STATEMENTS.

ADEL-DESOTO-MINBURN 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, 2020

**Change in fund balances - total governmental funds (page 22)** \$ 14,186,328

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

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

Capital outlay	\$ 4,485,531	
Depreciation expense	<u>(1,641,565)</u>	2,843,966

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

Issued	(15,750,000)	
Repaid	<u>1,895,000</u>	(13,855,000)

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

(152,701)

Premiums/discounts on the issuance of bonds are recorded in the governmental funds as they occur, but are amortized over the life of the bonds in the government-wide financial statements.

12,062

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

1,132,368

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

Pension expense	(1,803,117)	
Total OPEB liability and related expenses	<u>(75,289)</u>	<u>(1,878,406)</u>

**Change in net position of governmental activities (page 19)** \$ 2,288,617

SEE NOTES TO FINANCIAL STATEMENTS.

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020

	Business Type Activities: Enterprise Funds		
	School Nutrition	Childcare	Total
<b>Assets</b>			
Current assets:			
Cash and pooled investments	\$ 583,416	260,921	844,337
Accounts receivable	2,626	174	2,800
Due from other governments	29,517	-	29,517
Inventories	9,008	-	9,008
Total current assets	624,567	261,095	885,662
Noncurrent assets:			
Capital assets, net of accumulated depreciation	87,899	971	88,870
<b>Total assets</b>	<b>712,466</b>	<b>262,066</b>	<b>974,532</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	58,551	7,137	65,688
OPEB related deferred outflows	2,782	281	3,063
<b>Total Deferred Outflows of Resources</b>	<b>61,333</b>	<b>7,418</b>	<b>68,751</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	4,326	-	4,326
Salaries and benefits payable	11,662	1,188	12,850
Unearned revenue	59,982	-	59,982
Total current liabilities	75,970	1,188	77,158
Noncurrent liabilities:			
Net pension liability	215,867	25,503	241,370
Total OPEB liability	21,593	2,179	23,772
Total noncurrent liabilities	237,460	27,682	265,142
<b>Total liabilities</b>	<b>313,430</b>	<b>28,870</b>	<b>342,300</b>
<b>Deferred Inflows of Resources</b>			
Pension related deferred inflows	33,245	3,928	37,173
OPEB related deferred inflows	4,075	411	4,486
<b>Total Deferred Inflows of Resources</b>	<b>37,320</b>	<b>4,339</b>	<b>41,659</b>
<b>Net Position</b>			
Net investment in capital assets	87,899	971	88,870
Unrestricted	335,150	235,304	570,454
<b>Total net position</b>	<b>\$ 423,049</b>	<b>236,275</b>	<b>659,324</b>

SEE NOTES TO FINANCIAL STATEMENTS.



ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020

	Business Type Activities: Enterprise Funds		
	School Nutrition	Childcare	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 466,500	48,522	515,022
Miscellaneous	6,422	-	6,422
Total operating revenues	472,922	48,522	521,444
Operating expenses:			
Support services:			
Administration:			
Services	298	978	1,276
Non-instructional programs:			
Food service operations:			
Salaries	294,697	-	294,697
Benefits	95,721	-	95,721
Supplies	432,804	-	432,804
Depreciation	11,850	-	11,850
Other	-	-	-
	835,072	-	835,072
Community service operations:			
Salaries	-	37,240	37,240
Benefits	-	14,417	14,417
Supplies	-	972	972
Depreciation	-	750	750
Other	-	125	125
Total non-instructional programs	835,072	53,504	888,576
Total operating expenses	835,370	54,482	889,852
Operating loss	(362,448)	(5,960)	(368,408)
Non-operating revenues:			
State sources	6,743	-	6,743
Federal sources	413,248	-	413,248
Interest income	9,001	4,546	13,547
Total non-operating revenues	428,992	4,546	433,538
Change in net position before other financing uses	66,544	(1,414)	65,130
Other financing uses:			
Transfer out	(26,701)	-	(26,701)
Change in net position	39,843	(1,414)	38,429
Net position beginning of year	383,206	237,689	620,895
Net position end of year	\$ 423,049	236,275	659,324

SEE NOTES TO FINANCIAL STATEMENTS.

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020

	Business Type Activities: Enterprise Funds		
	School Nutrition	Childcare	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 485,886	48,750	534,636
Cash received from miscellaneous	6,422	-	6,422
Cash payments to employees for services	(371,631)	(46,700)	(418,331)
Cash payments to suppliers for goods or services	(382,482)	(2,075)	(384,557)
Net cash used in operating activities	(261,805)	(25)	(261,830)
Cash flows from non-capital financing activities:			
Transfer to General Fund	(26,701)	-	(26,701)
State grants received	6,743	-	6,743
Federal grants received	321,958	-	321,958
Net cash provided by non-capital financing activities	302,000	-	302,000
Cash flows from investing activities:			
Interest on investments	9,001	4,546	13,547
Cash flows from capital financing activities:			
Purchase of assets	(27,021)	(600)	(27,621)
Net increase in cash and pooled investments	22,175	3,921	26,096
Cash and pooled investments beginning of year	561,241	257,000	818,241
Cash and pooled investments end of year	\$ 583,416	260,921	844,337
<b>Reconciliation of operating loss to net cash used in operating activities:</b>			
Operating loss	\$ (362,448)	(5,960)	(368,408)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Commodities consumed	61,773	-	61,773
Depreciation	11,850	750	12,600
Change in assets and liabilities:			
Inventories	(4,624)	-	(4,624)
Accounts receivable	595	228	823
Accounts payable	(6,529)	-	(6,529)
Salaries and benefits payable	4,554	60	4,614
Net pension liability	(18,987)	624	(18,363)
Deferred outflows of resources	12,560	707	13,267
Deferred inflows of resources	25,104	3,064	28,168
Unearned revenue	18,791	-	18,791
Total OPEB liability	(4,444)	502	(3,942)
Net cash used in operating activities	\$ (261,805)	(25)	(261,830)

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

During the year ended June 30, 2020, the District received \$61,773 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2020

	Private Purpose Trust Scholarship
<b>Assets</b>	
Cash and pooled investments	\$ 550
<b>Liabilities</b>	-
<b>Net Position</b>	
Held in trust for scholarships	\$ 550

SEE NOTES TO FINANCIAL STATEMENTS.

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2020

	Private Purpose Trust Scholarship
Additions	\$ -
Deductions	-
Change in net position	-
Net position beginning of year	550
Net position end of year	\$ 550

SEE NOTES TO FINANCIAL STATEMENTS.

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

Adel-DeSoto-Minburn Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Adel, DeSoto, and Minburn, Iowa, and the predominate agricultural territory in Dallas and Madison Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but 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 Dallas and Madison 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 plus unspent bond proceeds and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those 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 that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

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

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

The District also reports the following nonmajor proprietary funds:

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

The Enterprise, Childcare Fund is used to account for the District's childcare program.

The District also reports the following fiduciary funds:

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

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

### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity/ 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 and non-negotiable certificates of deposit which are stated at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, 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, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2019.

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

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

Capital Assets - Capital assets, which include property, machinery and equipment and intangibles acquired after July 1, 1980 are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ -
Buildings	3,500
Land improvements	3,500
Intangibles	150,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	3,500

Capital assets are depreciated 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	3-10 years
Machinery and equipment	5-12 years

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

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

Advances for Student Fees - Registration and other student fees received by the District for succeeding years which will be recognized as revenue when earned.

Advances from Grantors - Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.



Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the balance sheet in the Enterprise, School Nutrition Fund.

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

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

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

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 of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivables and other receivables not collected within sixty days after year end.

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

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

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

Assigned - Amounts the Board of Education or administration intends to use for specific purposes.

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.

## **(2) Cash and Pooled Investments**

The District's deposits in banks at June 30, 2020 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, 2020, the District had no such investments.

## **(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 299,786
Debt Service	Capital Projects: Physical Plant and Equipment Levy	152,261
Activity	General	4,000
General	School Nutrition	26,701
Total		<u>\$ 482,748</u>

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

The transfer from the Capital Projects: Physical Plant and Equipment Levy Fund to the Debt Service Fund was for principal and interest payments on the District's capital loan notes indebtedness.

The transfer from the General Fund to the Activity Fund was to reimburse expenses.

The transfer from the School Nutrition Fund to the General Fund was a reimbursement for indirect costs.

## **(4) Construction Commitment**

The District entered into contracts totaling \$17,934,852 for the construction of new elementary school. As of June 30, 2020, costs of \$2,361,369 had been incurred against the contracts. The balance of \$15,573,483 remaining at June 30, 2020 will be paid as work on the project progresses.

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 669,715	1,859,266	-	2,528,981
Construction in progress	-	2,361,369	-	2,361,369
Total capital assets not being depreciated	669,715	4,220,635	-	4,890,350
Capital assets being depreciated:				
Buildings	36,104,460	22,380	-	36,126,840
Land improvements	6,631,868	38,674	-	6,670,542
Machinery and equipment	2,947,233	203,842	-	3,151,075
Total capital assets being depreciated	45,683,561	264,896	-	45,948,457
Less accumulated depreciation for:				
Buildings	12,440,823	1,107,120	-	13,547,943
Land improvements	1,654,913	297,202	-	1,952,115
Machinery and equipment	2,267,683	237,243	-	2,504,926
Total accumulated depreciation	16,363,419	1,641,565	-	18,004,984
Total capital assets being depreciated, net	29,320,142	(1,376,669)	-	27,943,473
Governmental activities capital assets, net	<u>\$ 29,989,857</u>	<u>2,843,966</u>	<u>-</u>	<u>32,833,823</u>
<b>Business type activities:</b>				
Machinery and equipment	\$ 344,180	27,621	5,781	366,020
Less accumulated depreciation	270,331	12,600	5,781	277,150
Business type activities capital assets, net	<u>\$ 73,849</u>	<u>15,021</u>	<u>-</u>	<u>88,870</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 3,487
Other	24,553
Support Services:	
Instructional staff	16,539
Administration	3,361
Operation and maintenance of plant	16,976
Transportation	172,327
	<u>237,243</u>
Unallocated depreciation	<u>1,404,322</u>
Total governmental activities depreciation expense	<u>\$ 1,641,565</u>
Business type activities:	
Food service operations	<u>\$ 12,600</u>

## (6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2020 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 16,740,000	15,750,000	1,515,000	30,975,000	1,240,000
Revenue bonds	2,590,000	-	240,000	2,350,000	240,000
Capital loan notes	435,000	-	140,000	295,000	145,000
Net pension liability	9,691,710	-	824,754	8,866,956	-
Total OPEB liability	958,524	8,202	-	966,726	-
Total	<u>\$ 30,415,234</u>	<u>15,758,202</u>	<u>2,719,754</u>	<u>43,453,682</u>	<u>1,625,000</u>
<b>Business type activities:</b>					
Net pension liability	\$ 259,733	624	18,987	241,370	-
Total OPEB liability	27,714	502	4,444	23,772	-
Total	<u>\$ 287,447</u>	<u>1,126</u>	<u>23,431</u>	<u>265,142</u>	<u>-</u>

### General Obligation Bonds Payable

During the year ended June 30, 2020, the District collected an additional debt service levy to advance refund \$65,000 in principal of the 2014 series general obligation bonds maturing May 1, 2028, \$65,000 in principal of the 2014 series general obligation bonds maturing May 1, 2029, \$70,000 in principal of the 2014 series general obligation bonds maturing May 1, 2030, \$70,000 in principal of the 2014 series general obligation bonds maturing May 1, 2031, \$70,000 in principal of the 2014 series general obligation bonds maturing May 1, 2032, \$70,000 in principal of the 2014 series general obligation bonds maturing May 1, 2033, and \$70,000 in principal of the 2014 series general obligation bonds maturing May 1, 2034 when those bonds become callable May 1, 2022 and \$30,000 in principal of the 2015 series general obligation bonds maturing May 1, 2026, and \$30,000 in principal of the 2015 series general obligation bonds maturing May 1, 2027 when those bonds become callable May 1, 2021. The \$540,000 of additional Debt Service tax collected has been placed in irrevocable escrow account certified sufficient to pay the afore mentioned amounts. As a result, \$480,000 of the May 1, 2014 bonds and \$60,000 of the June 25, 2015 bonds are considered defeased in substance and have been removed from the appropriate financial statements and schedules. The District remains contingently liable in the remote possibility the escrow account is insufficient to repay the refunding bonds at the call date. At June 30, 2020, \$540,000 of such bonds are outstanding. The anticipated savings from the surplus levy is \$174,550. Details of the District's June 30, 2020 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issue dated May 1, 2012			Issue dated May 1, 2014			Issue dated June 25, 2015		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2021	1.80 %	\$ 840,000	50,906	% \$	-	363,375	2.00 %	\$ 40,000	80,882
2022	2.00	860,000	35,786		-	363,375	2.25	45,000	80,082
2023	2.10	885,000	18,586		-	363,375	2.25	40,000	79,068
2024		-	-		-	363,375	2.25	945,000	78,168
2025		-	-		-	363,375	2.25	585,000	56,906
2026-2030		-	-	3.00-4.00	5,170,000	1,527,425	2.375-2.50	1,745,000	61,244
2031-2035		-	-	4.00	4,070,000	347,000		-	-
2036-2039		-	-		-	-		-	-
Total		<u>\$ 2,585,000</u>	<u>105,278</u>		<u>\$ 9,240,000</u>	<u>3,691,300</u>		<u>\$ 3,400,000</u>	<u>436,350</u>

*Continued on next page.*

Year	Issue dated December 20, 2019			Issue dated May 1, 2020			Total		
Ending	Interest			Interest					
June 30,	Rate	Principal	Interest	Rate	Principal	Interest	Principal	Interest	Total
2021	3.00	% \$ 50,000	329,444	0.00	% \$ 310,000	172,650	1,240,000	997,257	2,237,257
2022	3.00	155,000	240,048	3.00	125,000	163,350	1,185,000	403,398	1,588,398
2023	3.00	165,000	235,397	3.00	140,000	159,600	1,230,000	394,997	1,624,997
2024	3.00	170,000	230,448	3.00	140,000	155,400	1,255,000	385,848	1,640,848
2025	3.00	560,000	225,347	3.00	140,000	151,200	1,285,000	376,547	1,661,547
2026-2030	2.00-3.00	620,000	1,010,638		695,000	694,350	8,230,000	1,704,988	9,934,988
2031-2035		2,045,000	936,810		895,000	588,150	7,010,000	1,524,960	8,534,960
2036-2039		6,230,000	379,425		3,310,000	398,850	9,540,000	778,275	10,318,275
Total		<u>\$ 9,995,000</u>	<u>3,587,557</u>		<u>\$ 5,755,000</u>	<u>2,483,550</u>	<u>30,975,000</u>	<u>6,566,270</u>	<u>37,541,270</u>

#### Revenue Bonds Payable

Details of the District's June 30, 2020 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year	Issue dated March 28, 2016 Series A			Issue dated March 28, 2016 Series B			Total		
Ending	Interest			Interest					
June 30,	Rate	Principal	Interest	Rate	Principal	Interest	Principal	Interest	Total
2021	2.50	% \$ 120,000	29,375	1.70	% \$ 120,000	25,732	240,000	55,107	295,107
2022	2.50	122,500	26,375	1.80	122,500	23,691	245,000	50,066	295,066
2023	2.50	125,000	23,313	1.90	125,000	21,846	250,000	45,159	295,159
2024	2.50	127,500	20,187	2.10	127,500	19,111	255,000	39,298	294,298
2025	2.50	130,000	17,000	2.15	130,000	16,434	260,000	33,434	293,434
2026-2029	2.50	550,000	34,813	2.25-2.70	550,000	35,561	1,100,000	70,374	1,170,374
Total		<u>\$ 1,175,000</u>	<u>151,063</u>		<u>\$ 1,175,000</u>	<u>142,375</u>	<u>2,350,000</u>	<u>293,438</u>	<u>2,643,438</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,160,000 of bonds issued March 2016. The bonds were issued for the purpose of financing a portion of the costs of various District 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 2029. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 16% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$2,643,438. For the current year, \$240,000 in principal and \$59,966 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$1,860,889.

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

- All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- 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.
- 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.

## Capital Loan Notes

During the year ended June 30, 2018, the District issued \$570,000 of capital loan notes with interest rates ranging from 2.65%-2.90% to provide funds for an energy savings project. These notes and the interest will be paid from the Capital Projects: Physical Plant and Equipment Levy Fund. Details of the District's capital loan note indebtedness as of June 30, 2020 are as follows:

Year Ending June 30,	Capital Loan Notes dated April 27, 2018			
	Interest Rate	Principal	Interest	Total
2021	2.82 %	\$ 145,000	8,439	153,439
2022	2.90	150,000	4,350	154,350
Total		<u>\$ 295,000</u>	<u>12,789</u>	<u>307,789</u>

## **(7) Pension Plan**

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

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

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

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

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

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

In fiscal year 2020, 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, 2020 were \$1,163,552.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the District reported a liability of \$9,108,326 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the District's proportion was 0.157294% which was an increase of 0.000040% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,855,685. At June 30, 2020, 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	\$ 25,251	327,488
Changes of assumptions	975,632	-
Net difference between projected and actual earnings on IPERS' investments	-	1,026,398
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	301,164	48,869
District contributions subsequent to the measurement date	1,163,552	-
Total	<u>\$ 2,465,599</u>	<u>1,402,755</u>

\$1,163,552 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, 2021. 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
2021	\$ 320,204
2022	(115,365)
2023	(114,311)
2024	(167,073)
2025	(24,163)
Total	<u>\$ (100,708)</u>



There were no non-employer contributing entities at IPERS.

**Actuarial Assumptions** - The total pension liability in the June 30, 2019 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, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

<b>Asset Class</b>	<b>Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
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	\$16,173,447	9,108,326	3,182,180

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

Payables to IPERS - At June 30, 2020, the District reported payables to IPERS of \$136,053 for legally required District contributions and \$90,654 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

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

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	<u>250</u>
Total	<u><u>258</u></u>

Total OPEB Liability - The District's total OPEB liability of \$990,498 was measured as of June 30, 2020, and was determined by an actuarial valuation dated July 1, 2019.

Actuarial Assumptions - The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective July 1, 2019)	2.60% per annum.
Rates of salary increase (effective July 1, 2019)	3.25-16.25% variable based upon years of service, including inflation.
Discount rate (effective June 30, 2020)	2.21% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	6.75% decreasing to an ultimate rate of 4.00% in 2032.

Discount Rate - The discount rate used to measure the total OPEB liability was 2.21% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

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

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

#### Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 986,238
Changes for the year:	
Service cost	83,991
Interest	30,644
Differences between expected and actual experiences	(189,149)
Changes in assumptions	114,291
Benefit payments	<u>(35,517)</u>
Net changes	<u>4,260</u>
Total OPEB liability end of year	<u>\$ 990,498</u>

Changes of assumptions reflect a change in the discount rate from 3.50% in fiscal year 2019 to 2.21% in fiscal year 2020.

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 (1.21%) or 1% higher (3.21%) than the current discount rate.

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 1,075,728	990,498	910,286

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates 1% lower (5.75%) or 1% higher (7.75%) than the current healthcare cost trend rates.

	1% Decrease (5.75%)	Healthcare Cost Trend Rate (6.75%)	1% Increase (7.75%)
Total OPEB liability	\$ 860,419	990,498	1,148,007

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2020, the District recognized OPEB expense of \$108,552. At June 30, 2020, the District reported deferred outflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	171,759
Changes in assumptions	127,612	15,176
Total	<u>\$ 127,612</u>	<u>186,935</u>

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

Year Ended June 30,	Amount
2021	\$ (6,083)
2022	(6,083)
2023	(6,083)
2024	(6,083)
2025	(6,083)
Thereafter	<u>(28,908)</u>
Total	<u>\$ (59,323)</u>

#### (9) Risk Management

Adel-DeSoto-Minburn 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.

#### (10) Reconciliation of Governmental Fund Balances to Net Position

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

	Net investment in Capital Assets	Debt Service	School Infrastructure	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	105,558	18,873,669	3,804,260
Capital assets, net of accumulated depreciation	32,833,823	-	-	-
General obligation bond capitalized indebtedness	(17,329,266)	-	-	-
Revenue bond capitalized indebtedness	(2,350,000)	-	-	-
Capital loan notes capitalized indebtedness	(295,000)	-	-	-
Unspent bond proceeds	-	-	(13,645,734)	-
Unamortized net bond premium/discounts	-	-	-	(48,252)
Accrued interest payable	-	(105,558)	-	(134,340)
Assigned for specific purposes	-	-	-	173,343
Pension related deferred outflows	-	-	-	2,399,911
Pension related deferred inflows	-	-	-	(1,365,582)
Net pension liability	-	-	-	(8,866,956)
Total OPEB liability	-	-	-	(966,726)
OPEB related deferred outflows	-	-	-	124,549
OPEB related deferred inflows	-	-	-	(182,449)
Net position (Exhibit A)	<u>\$ 12,859,557</u>	<u>-</u>	<u>5,227,935</u>	<u>(5,062,242)</u>

### (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 revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2020.

Program	Amount
Home School Assistance Program (HSAP)	\$ 416
Gifted and Talented Programs	131,364
Teacher Leadership State Aid	83,975
Teacher Salary Supplement	40,189
Market Factor	2,970
Career and Technical Education Aid	210
Successful Progression for Early Readers	80,029
Professional Development	64,256
Total	<u>\$ 403,409</u>

### (12) Tax Abatements

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

#### Tax Abatements of Other Entities

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. 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, 2020 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of DeSoto	Urban Renewal and Economic Development Projects	\$ 29,698

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1000 of taxable valuation. For the year ended June 30, 2020 this reimbursement amounted to \$13,872.

### (13) 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 \$784,700 for the year ended June 30, 2020 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(14) Prospective Accounting Change**

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. As a result of the coronavirus pandemic, GASB has extended the effective dates of recent pronouncements. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

**(15) Covid-19**

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of the Adel-DeSoto-Minburn Community School District, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the Adel-DeSoto-Minburn Community School District. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the Adel-DeSoto-Minburn Community School District's operations and finances.



## REQUIRED SUPPLEMENTARY INFORMATION

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND  
CHANGES IN BALANCES -  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 11,511,943	534,991	12,046,934	12,338,383	12,338,383	(291,449)
Intermediate sources	316	-	316	-	-	316
State sources	14,024,857	6,743	14,031,600	14,224,883	14,224,883	(193,283)
Federal sources	462,635	413,248	875,883	765,000	765,000	110,883
Total revenues	25,999,751	954,982	26,954,733	27,328,266	27,328,266	(373,533)
Expenditures/Expenses:						
Instruction	12,753,560	-	12,753,560	15,075,000	15,075,000	2,321,440
Support services	7,372,858	1,276	7,374,134	8,894,200	8,894,200	1,520,066
Non-instructional programs	-	888,576	888,576	1,130,000	1,130,000	241,424
Other expenditures	7,802,354	-	7,802,354	13,504,718	13,504,718	5,702,364
Total expenditures/expenses	27,928,772	889,852	28,818,624	38,603,918	38,603,918	9,785,294
Excess (Deficiency) of revenues over (under) expenditures/expenses	(1,929,021)	65,130	(1,863,891)	(11,275,652)	(11,275,652)	9,411,761
Other financing sources, net	16,115,349	(26,701)	16,088,648	15,750,000	15,750,000	338,648
Excess of revenues and other financing sources over expenditures/expenses	14,186,328	38,429	14,224,757	4,474,348	4,474,348	9,750,409
Balances beginning of year	11,702,181	620,895	12,323,076	7,790,190	7,790,190	4,532,886
Balances end of year	\$ 25,888,509	659,324	26,547,833	12,264,538	12,264,538	14,283,295

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2020

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

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

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

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST SIX YEARS\*  
REQUIRED SUPPLEMENTARY INFORMATION

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.157294%	0.157254%	0.154042%	0.144792%	0.146119%	0.142672%
District's proportionate share of the net pension liability	\$ 9,108,326	9,951,443	10,261,120	9,112,214	7,218,985	5,658,244
District's covered payroll	\$ 11,972,264	11,819,711	11,498,463	10,389,821	10,010,473	9,336,290
District's proportionate share of the net pension liability as a percentage of its covered payroll	76.08%	84.19%	89.24%	87.70%	72.11%	60.60%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST TEN YEARS  
REQUIRED SUPPLEMENTARY INFORMATION

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 1,163,552	1,130,182	1,055,500	1,026,813	927,812	893,935	833,731	754,230	677,997	572,829
Contributions in relation to the statutorily required contribution	\$ (1,163,552)	(1,130,182)	(1,055,500)	(1,026,813)	(927,812)	(893,935)	(833,731)	(754,230)	(677,997)	(572,829)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 12,325,753	11,972,264	11,819,711	11,498,463	10,389,821	10,010,473	9,336,290	8,699,308	8,401,450	8,242,144
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2020

Changes of benefit terms:

There are no significant changes in the benefit terms.

Changes of assumptions:

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

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

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

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

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S  
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES  
FOR THE LAST THREE YEARS  
REQUIRED SUPPLEMENTARY INFORMATION

	2020	2019	2018
Service cost	\$ 83,991	89,192	96,514
Interest cost	30,644	36,424	31,696
Differences between expected and actual experiences	(189,149)	-	-
Changes in assumptions	114,291	29,521	(21,317)
Benefit payments	(35,517)	(41,410)	(46,070)
Net change in total OPEB liability	4,260	113,727	60,823
Total OPEB liability beginning of year	986,238	872,511	811,688
Total OPEB liability end of year	<u>\$ 990,498</u>	<u>986,238</u>	<u>872,511</u>
Covered-employee payroll	\$ 11,412,681	10,516,016	10,869,352
Total OPEB liability as a percentage of covered-employee payroll	8.68%	9.38%	8.03%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2020	2.21%
Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	3.87%



## SUPPLEMENTARY INFORMATION

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2020

	Special Revenue		
	Management Levy	Student Activity	Total
<b>Assets</b>			
Cash and pooled investments	\$ 1,596,053	246,134	1,842,187
Receivables:			
Property tax:			
Delinquent	154	-	154
Succeeding year	249,998	-	249,998
Accounts	1,067	14,399	15,466
<b>Total assets</b>	<b>\$ 1,847,272</b>	<b>260,533</b>	<b>2,107,805</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	18,231	18,231
Salaries and benefits payable	-	875	875
Advances for student fees	-	4,820	4,820
Total liabilities	-	23,926	23,926
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property taxes	249,998	-	249,998
Fund balances:			
Management levy purposes	1,597,274	-	1,597,274
Student activities	-	236,607	236,607
Total fund balances	1,597,274	236,607	1,833,881
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,847,272</b>	<b>260,533</b>	<b>2,107,805</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2020

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 155	-	155
Other	24,242	419,401	443,643
Total revenues	24,397	419,401	443,798
Expenditures:			
Current:			
Instruction:			
Regular	47,359	-	47,359
Other	-	388,037	388,037
Support services:			
Instructional staff	-	1,199	1,199
Administration	5,627	-	5,627
Operation and maintenance of plant	125,351	5,013	130,364
Transportation	57,898	-	57,898
Total expenditures	236,235	394,249	630,484
Excess (Deficiency) of revenues over (under) expenditures	(211,838)	25,152	(186,686)
Other financing sources:			
Transfer in	-	4,000	4,000
Change in fund balances	(211,838)	29,152	(182,686)
Fund balances beginning of year	1,809,112	207,455	2,016,567
Fund balances end of year	\$ 1,597,274	236,607	1,833,881

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUND ACCOUNTS  
 JUNE 30, 2020

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Projects	Total
<b>Assets</b>				
Cash and pooled investments	\$ 5,102,642	690,719	14,193,875	19,987,236
Receivables:				
Property tax:				
Delinquent	-	9,104	-	9,104
Succeeding year	-	735,586	-	735,586
Accounts	3,412	423	7,476	11,311
Due from other governments	156,919	-	-	156,919
<b>Total assets</b>	<b>\$ 5,262,973</b>	<b>1,435,832</b>	<b>14,201,351</b>	<b>20,900,156</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 35,038	5,857	555,617	596,512
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	735,586	-	735,586
Fund balances:				
Restricted for:				
School infrastructure	5,227,935	-	13,645,734	18,873,669
Physical plant and equipment	-	694,389	-	694,389
Total fund balances	5,227,935	694,389	13,645,734	19,568,058
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 5,262,973</b>	<b>1,435,832</b>	<b>14,201,351</b>	<b>20,900,156</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
CAPITAL PROJECTS FUND ACCOUNTS  
YEAR ENDED JUNE 30, 2020

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Projects	Total
Revenues:				
Local sources:				
Local tax	\$ -	673,731	-	673,731
Other	76,393	21,056	68,498	165,947
Intermediate sources	-	22	-	22
State sources	1,860,889	226	-	1,861,115
Total revenues	1,937,282	695,035	68,498	2,700,815
Expenditures:				
Current:				
Instruction:				
Regular	-	79,982	-	79,982
Support services:				
Instructional staff	-	65,735	-	65,735
Administration	-	129,537	105,007	234,544
Transportation	-	144,626	-	144,626
Capital outlay	2,151,280	-	2,379,780	4,531,060
Total expenditures	2,151,280	419,880	2,484,787	5,055,947
Excess (Deficiency) of revenues over (under) expenses	(213,998)	275,155	(2,416,289)	(2,355,132)
Other financing sources (uses):				
General obligation bond proceeds	-	-	15,750,000	15,750,000
Premium on bond issuance	-	-	377,377	377,377
Discount on bond issuance	-	-	(65,354)	(65,354)
Transfer out	(299,786)	(152,261)	-	(452,047)
Total other financing sources (uses)	(299,786)	(152,261)	16,062,023	15,609,976
Change in fund balances	(513,784)	122,894	13,645,734	13,254,844
Fund balances beginning of year	5,741,719	571,495	-	6,313,214
Fund balances end of year	\$ 5,227,935	694,389	13,645,734	19,568,058

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2020

Account	Balance Beginning of Year	Revenues	Expenditures	Interfund/ Intrafund Transfers	Balance End of Year
FCCLA	\$ 103	-	-	-	103
Interest	-	3,896	-	(3,896)	-
Athletics	38,477	49,551	65,786	11,634	33,876
Cross country	2,893	12,957	5,737	-	10,113
Golf	291	2,715	5,118	2,112	-
Weight Program	-	512	2,447	1,935	-
Boys basketball	23,610	10,884	9,631	-	24,863
Football	-	78,290	64,137	(14,153)	-
Boys soccer	-	6,683	3,079	(954)	2,650
Baseball	-	22,085	26,893	4,808	-
Boys track	-	5,506	13,014	7,508	-
Wrestling	-	33,350	25,450	(7,073)	827
Girls basketball	15,704	9,332	14,271	-	10,765
Volleyball	12,162	16,356	18,859	-	9,659
Girls soccer	5,279	3,109	2,598	-	5,790
Softball	-	15,962	13,366	(892)	1,704
Girls track	48	6,178	8,766	2,540	-
FFA	18,575	34,814	28,022	-	25,367
Other clubs	526	-	-	-	526
High school prom	1,632	96	-	-	1,728
Special events	50,000	79,538	62,912	-	66,626
Drama	4,069	3,694	3,402	-	4,361
Speech contest	4,963	1,484	1,860	-	4,587
International club	88	-	-	-	88
National honor society	1,051	1,605	1,614	-	1,042
Danz team	-	302	987	685	-
SADD	4,419	-	-	-	4,419
Thespian club	271	830	1,174	73	-
Student council	3,860	2,740	4,390	-	2,210
TSA	-	1,000	200	(127)	673
Yearbook	5,118	5,399	1,476	-	9,041
High school hall of fame	2,600	-	-	-	2,600
Cheerleading	-	6,598	5,587	(200)	811
Academic decathlon	1,092	336	1,005	-	423
Mock trial	9	-	-	-	9
Middle school student council	8,324	1,539	459	-	9,404
Middle school yearbook	2,291	2,060	2,009	-	2,342
Total	\$ 207,455	419,401	394,249	4,000	236,607

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND  
 YEAR ENDED JUNE 30, 2020

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
<b>Assets</b>				
Cash and pooled investments	\$ 262	33,905	34,167	-
<b>Liabilities</b>				
Due to other groups	\$ 262	33,905	34,167	-

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION**  
**ALL GOVERNMENTAL FUNDS**  
**FOR THE LAST TEN YEARS**

	Modified Accrual Basis									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Local sources:										
Local tax	\$ 8,997,771	8,370,727	7,721,772	7,218,108	7,192,335	6,891,190	7,097,886	7,908,199	7,436,891	7,310,269
Tuition	1,560,395	1,749,452	1,761,476	1,813,953	1,704,179	1,405,369	1,282,410	1,218,042	1,102,647	1,016,093
Other	953,777	1,018,393	1,053,865	852,020	857,324	707,436	729,757	665,614	705,855	569,000
Intermediate sources	316	-	-	-	-	-	-	-	-	-
State sources	14,024,857	13,335,554	12,396,056	11,708,404	10,582,046	10,178,808	9,649,853	7,823,750	7,622,899	7,144,349
Federal sources	462,635	509,640	542,312	429,718	349,082	288,546	301,918	335,172	370,549	865,861
Total	\$ 25,999,751	24,983,766	23,475,481	22,022,203	20,684,966	19,471,349	19,061,824	17,950,777	17,238,841	16,905,572
Expenditures:										
Instruction:										
Regular	\$ 8,117,690	8,288,760	8,681,055	7,910,637	7,593,239	7,111,568	6,768,308	6,853,587	5,932,346	5,626,948
Special	2,871,315	2,660,973	2,805,185	2,627,142	2,464,471	2,409,015	2,406,788	2,159,102	2,021,498	1,964,644
Other	1,764,555	1,752,480	1,584,460	1,535,723	1,448,325	1,280,307	1,318,975	1,400,653	1,413,393	1,323,624
Support services:										
Student	575,896	493,946	526,723	498,074	543,413	379,487	434,648	364,950	373,737	411,461
Instructional staff	1,324,158	1,190,515	1,166,232	1,261,472	688,787	689,203	549,166	494,517	549,125	485,563
Administration	2,473,103	2,348,381	2,484,629	2,451,094	2,113,444	1,914,256	1,752,695	1,611,278	1,593,257	1,451,746
Operation and maintenance of plant	2,092,322	2,096,583	1,977,598	1,798,873	1,628,147	1,517,816	1,311,314	1,214,444	1,181,693	1,210,936
Transportation	907,379	1,033,325	1,011,498	839,282	733,730	666,886	904,166	662,537	653,952	521,914
Non-instructional programs	-	3,000	4,500	8,566	-	-	-	-	-	-
Capital outlay	4,531,060	682,006	1,202,948	2,643,812	8,016,441	6,280,307	682,785	560,796	160,028	299,087
Long-term debt:										
Principal	1,895,000	1,740,000	1,665,000	1,154,178	1,772,424	1,176,648	9,493,649	1,210,531	985,000	955,000
Interest	591,594	620,325	642,101	674,887	602,400	541,220	682,929	576,310	589,597	520,885
Other expenditures:										
AEA flowthrough	784,700	736,793	692,034	634,483	613,779	590,160	554,467	521,232	499,852	542,779
Total	\$ 27,928,772	23,647,087	24,443,963	24,038,223	28,218,600	24,556,873	26,859,890	17,629,937	15,953,478	15,314,587

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**NOLTE, CORNMAN & JOHNSON P.C.**  
Certified Public Accountants  
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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 the Adel-DeSoto-Minburn Community School District:**

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Adel-DeSoto-Minburn Community School District as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 11, 2021.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings as item I-A-20 that we consider to be a significant deficiency.

## **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2020 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.

## **Adel-DeSoto-Minburn Community School District's Responses to Findings**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of 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 Adel-DeSoto-Minburn 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.

January 11, 2021  
Newton, Iowa



ADEL-DESOTO-MINBURN COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2020

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTRAL DEFICIENCY:**

**I-A-20     Gate Admissions**

Criteria - An effective internal control system provides for internal controls related to ensuring proper accounting for revenues. Internal controls over safeguarding gate revenues constitute a process, effected by an entity's governing body, management and other personnel designed to provide reasonable assurance over the safeguarding of assets from error or misappropriation.

Condition - We noted that the District does not use pre-numbered tickets for all events that require an admission.

Cause - The District has not implemented gate procedures utilizing prenumbered tickets as a control to ensure all gate money is properly documented, reconciled, deposited, and recorded.

Effect - Lack of utilizing prenumbered tickets as a control over the gate collection process could result in District gate workers not detecting errors in the normal course of performing their assigned functions. As a result, this may provide opportunity for misappropriation.

Recommendation - The District should have internal control procedures established for handling cash for all activity events, including athletic events and communicate the policies and procedures to the individuals involved. The Board would of course, approve any policies that the District's business office should be involved in developing the detailed procedures. At a minimum, the procedures should be:

- a. Cash or change boxes should be established with a specified amount.
- b. The District should use pre-numbered tickets.
- c. Two or more individuals should be involved in the cash collection/ticket sales process. In addition to cash collection/ticket sales procedures, the individuals should be instructed to not leave the cash/change boxes unattended under any circumstances.
- d. At the end of the event, cash should be counted and reconciled (by two or more individuals) to sales/pre-numbered tickets sold including the amount of the beginning cash.
- e. To reconcile, the next unsold ticket number less the beginning ticket number determines the number of tickets sold. This number, times the price per ticket equals total sales. Total sales compared to total collected should reconcile. Variances, if any should be minimal.
- f. A reconciliation form should be completed and signed off by the individuals responsible for counting and reconciling the cash.
- g. The cash and change box should be turned into the Athletic Director (AD) or designee responsible for the "accounting" function at the event.
- h. The AD or designee should be required to take the cash collections to the night depository at the bank or at a minimum, lock the cash collections in the District's vault or other secure location at the District's office for deposit on

the next working day. District procedures should prohibit individuals from taking cash collections home.

- i. A pre-numbered receipt should be issued by the Business Office the next working day in the amount of the confirmed deposit.
- j. Administrative personnel should periodically review/test the process to ensure procedures are working as prescribed.

Response - The District has implemented strategies to control procedures to obtain increased internal controls and will continue to review its procedures to obtain maximum internal control.

Conclusion - Response accepted.

## **Part II: Other Findings Related to Required Statutory Reporting:**

II-A-20 Certified Budget - District expenditures for the year ended June 30, 2020 did not exceed the certified budgeted amounts.

II-B-20 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-20 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.

II-D-20 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Bart Banwart, Board Member Athletic official	Services	\$910

In accordance with Chapter 279.7A of the Code of Iowa, the above transactions with the Board Member do not appear to represent a conflict of interest.

II-E-20 Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

II-F-20 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

II-G-20 Board Minutes - No transactions requiring Board approval which have not been approved by the Board were noted.

II-H-20 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted

II-I-20 Supplementary Weighting - No variances in the supplementary weighting certified to the Iowa Department of Education were noted.

II-J-20 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.

- II-K-20 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-L-20 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-M-20 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, 2020, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 5,741,719
Revenues:		
Sales tax revenues	\$ 1,860,889	
Other local revenues	76,393	1,937,282
Expenditures/transfers out:		
School infrastructure construction	290,202	
Land Purchased	1,859,266	
Other	1,812	
Transfers to other funds:		
Debt service fund	299,786	2,451,066
Ending balance		<u>\$ 5,227,935</u>

For the year ended June 30, 2020, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

- II-N-20 Student Activity Fund - In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for students. We noted during our audit that the District had four accounts in the Student Activity Fund which appear to be inactive. The accounts include the FCCLA, International Club, SADD, and Hall of Fame Fund accounts.

Recommendation - The District should review these accounts to determine if these groups are still active or if the accounts should be closed out to other groups within the Student Activity Fund per the discretion of the District's Board of Directors.

Response - The District reviewed these accounts to determine if they were still active and removed the inactive accounts recommended.

Conclusion - Response accepted.