

New Issue

Date of Sale: Monday, January 13, 2020
Between 10:30 and 11:00 A.M., C.S.T. (Closed Speer Auction)
Before 11:00 A.M., C.S.T. (Sealed Bids)
(Alternate Bid Methods)

Investment Rating:
S&P Global Ratings ...
(Rating Requested)

Official Statement

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"), interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for federal alternative minimum tax purposes. Interest on the Bonds is not exempt from present Iowa incomes taxes. The Bonds will be designated as "qualified tax-exempt obligations". See "TAX MATTERS" herein for a more detailed discussion.



\$2,000,000*

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT

Clayton, Delaware, Dubuque, Jackson and Jones Counties, Iowa
School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2020

Dated Date of Delivery Book-Entry Non-Callable Bank Qualified Due Serially June 1, 2021 - 2023

The \$2,000,000* School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2020 (the "Bonds") are being issued by the Western Dubuque County Community School District, Clayton, Delaware, Dubuque, Jackson and Jones Counties, Iowa (the "District"). Interest is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2020. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. The Bonds will mature on June 1 in the following years and amounts.

AMOUNTS*, MATURITIES, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS

Principal Amount*	Due June 1	Interest Rate	Price or Yield	CUSIP Number(1)	Principal Amount*	Due June 1	Interest Rate	Price or Yield	CUSIP Number(1)
\$645,000.....	2021	_____%	_____%	_____	\$685,000.....	2023	_____%	_____%	_____
670,000.....	2022	_____%	_____%	_____					

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

OPTIONAL REDEMPTION

The Bonds are **not** subject to optional redemption prior to maturity.

PURPOSE, LEGALITY AND SECURITY

The proceeds of the Bonds are expected to be used to: (i) pay the costs of constructing, furnishing, and equipping an addition to the Peosta Elementary School and (ii) pay the costs of issuing the Bonds. See "THE PROJECT" herein.

The Bonds are not general obligations of the District but special limited obligations of the District. The Bonds, currently Outstanding Bonds (as defined herein), and any Additional Bonds (as defined herein) which may be issued in the future, are payable only from the School Infrastructure Sales, Services and Use Tax (the "Tax Revenues") received by the District under Iowa Code Chapters 423E and 423F (the "Act"). THE BONDS SHALL NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE DISTRICT OR CHARGE AGAINST ITS GENERAL CREDIT OR GENERAL FUNDS. NEITHER THE FAITH AND CREDIT OF THE DISTRICT, THE COUNTY OR THE STATE OF IOWA NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE STATE OF IOWA OR ANY POLITICAL SUBDIVISION OF THE STATE OF IOWA, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO. The Bonds are also secured by a debt service reserve fund. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" herein. For the definitions of Outstanding Bonds and Additional Bonds, see "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION - Outstanding Bonds, Additional Bond and Parity Bonds".

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

The District intends to designate the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986.

This Official Statement is dated December 30, 2019, and has been prepared under the authority of the District. An electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Official Statement Sales Calendar". Additional copies may be obtained from Mark Frasher, Business Manager, Western Dubuque County Community School District, 310 4th Street S.W., P.O. Box 68, Farley, Iowa, 52046, or from the Registered Municipal Advisors to the District.



*Subject to principal adjustment in accordance with the Official Terms of Offering.

(1) CUSIP numbers appearing in this Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw Hill Financial Inc. The District is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth on the cover of this Official Statement.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the District from time to time (collectively, the “Official Statement”), may be treated as an Official Statement with respect to the Bonds described herein that is deemed near final as of the date hereof (or the date of any such supplement or correction) by the District.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law or deemed appropriate by the District, shall constitute a “Final Official Statement” of the District with respect to the Bonds, as that term is defined in Rule 15c2-12. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Bonds and other information may be included in a separate document entitled “Final Official Statement” rather than through supplementing the Official Statement by an addendum or addenda.

No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the District and, while believed to be reliable, is not guaranteed as to completeness. **THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT SINCE THE RESPECTIVE DATES THEREOF.**

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

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- OFFICIAL BID FORM
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 - Exhibit A – Example Issue Price Certificate

BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement, including the Official Terms of Offering and the Official Bid Form, which are provided for the convenience of potential investors and should be reviewed in their entirety by potential investors.

Issuer:	Western Dubuque County Community School District, Clayton, Delaware, Dubuque, Jackson and Jones Counties, Iowa.
Issue:	\$2,000,000* School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2020.
Dated Date:	Date of delivery (expected to be on or about February 10, 2020).
Interest Due:	Each June 1 and December 1, commencing December 1, 2020.
Principal Due:	Serially each June 1, commencing June 1, 2021 through 2023, as detailed on the cover page of this Official Statement.
Optional Redemption:	The Bonds are not subject to optional redemption prior to maturity.
Authorization:	The Bonds are being issued pursuant to authority established in Code of Iowa, 2019 as amended, Chapters 423E and 423F (the “Act”), and all laws amendatory thereof and supplementary thereto, and in conformity with a resolution (the “Resolution” or the “Bond Resolution”) of the District duly passed and approved and a referendum held in the District on September 9, 2008.
Security:	The Bonds are limited obligations of the District, payable solely from the revenues (the “Tax Revenues”) received by the District from the imposition of the School Infrastructure Sales, Services and Use Tax pursuant to Iowa Code Chapters 423E and 423F. The Bonds are being issued on a parity with currently Outstanding Bonds and any Additional Bonds which may be issued in the future by the District. The Bonds are also secured by a debt service reserve fund. See “ SECURITY AND SOURCE OF PAYMENT FOR THE BONDS ” and “ SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION ” herein.
Investment Rating:	An investment rating for the Bonds has been requested from S&P Global Ratings, New York, New York. See “ INVESTMENT RATING ” herein.
Purpose:	The proceeds of the Bonds will be used to: (i) pay the costs of constructing, furnishing, and equipping an addition to the Peosta Elementary School and (ii) to pay the costs of issuing the Bonds. See “ THE PROJECT ” herein.
Tax Matters:	Ahlers & Cooney, P.C., Des Moines, Iowa, will provide an opinion as to the tax exemption of the Bonds as discussed under “ TAX MATTERS ” in this Official Statement. Interest on the Bonds is not exempt from present State of Iowa income taxes. See APPENDIX C for a draft form of legal opinion for the Bonds.
Bank Qualified:	The District intends to designate the Bonds as “qualified tax-exempt obligations”.
Bond Registrar/Paying Agent:	UMB Bank, n.a., West Des Moines, Iowa.
Delivery:	The Bonds are expected to be delivered on or about February 10, 2020.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Bonds. See APPENDIX B herein.
Denomination:	\$5,000 or integral multiples thereof.
Municipal Advisor:	Speer Financial, Inc., Waterloo, Iowa and Chicago, Illinois.

*Subject to change.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
Clayton, Delaware, Dubuque, Jackson and Jones Counties, Iowa**

Board of Directors

Jessica Pape
President

Chad Vaske
Vice President

Nancy Fett

Mike Rea

Mark Tilson

Officials

Rick Colpitts
Superintendent

Mark Frasher
Business Manager and District Treasurer

Jeni Schindler
Secretary to the Board of Directors

INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the Western Dubuque County Community School District (the “District”), in connection with the sale of the District’s School Infrastructure Sales, Services and Use Tax Revenue Bonds (the “Bonds”). This Official Statement has been executed on behalf of the District and its School Board and may be distributed in connection with the sale of the Bonds.

Authorization and Purpose

The Bonds are being issued pursuant to Chapters 423E and 423F (the “Act”) of the Code of Iowa, an election duly held in accordance with the Act on March 22, 2010, and a resolution for the Bonds to be adopted by the School Board of the District. Bonds are being issued to pay the costs of constructing, furnishing, and equipping an addition to the Peosta Elementary School and pay the costs of issuance of the Bonds. See **“THE PROJECT”** herein.

The Act

In 2008, the Iowa Legislature adopted the Act which replaced the countywide school infrastructure local option sales and services tax (the “Prior Tax”) with a statewide \$0.01 school infrastructure sales, services and use tax (the “Tax”). Under the Act, all Prior Taxes were repealed on July 1, 2008, in favor of the new Tax to be imposed through December 31, 2029, which was extended by the Iowa Legislature during the 2019 Legislative session through January 1, 2051. The District’s distribution of Tax revenue received is based on the imposition, collection, and administration of the Tax as described below.

After July 1, 2008, the use of Tax revenues is governed by a revenue purpose statement (the “Revenue Purpose Statement”) which must be approved by voters of the District. On September 9, 2008, the voters of the District approved a Revenue Purpose Statement which governs the District’s use of all Prior Tax and Tax revenues received through January 1, 2031.

Issuance of Bonds

Under provisions of the Act and under Iowa Code Chapter 423E, school corporations are authorized to issue sales tax revenue bonds payable from the collection of such tax for certain purposes, and for certain periods of time, as set forth in the Act. A school district receiving revenues from the Tax may issue bonds in anticipation of the collection of one or more designated portions of the Tax, and may pledge irrevocably an amount of the revenues derived from the designated portions for each of the years the bonds remain outstanding to the payment of such bonds. Bonds may be issued only for one or more of the purposes set forth in the Revenue Purpose Statement approved by the electors of the District. The Act provides that the Revenue Purpose Statement shall not be amended or repealed to reduce the amount of revenue pledged to the payment of principal and interest if obligations are outstanding which are payable from the Tax revenues, unless funds sufficient to pay the principal of, interest and premium, if any, on the outstanding obligations at or prior to maturity have been properly set aside and pledged for that purpose.

Imposition and Collection

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

Administration and Distribution of the Tax

The Iowa Department of Revenue (the “Department”) administers the Tax in conjunction with the administration of the State gross receipts tax laws. The Tax is collected by the retailers in the State and remitted at the end of each calendar month to the Director of the Department (the “Director”). The Director distributes the Tax to the school corporations on the last day of the next month. The Act requires the Director, on or before August 15 of each fiscal year, to send to each participating school district an estimate of the Tax anticipated to be received for the next fiscal year beginning each July 1. At the end of each month, the Director may revise the estimates for the year and remaining months.

The Director is required to distribute 95% of the annual estimate to the participating school corporations in monthly installments over the fiscal year. The Director is allowed to retain 5% of the estimate until the end of the fiscal year at which time the Director completes an audit of the actual receipts and the actual distribution of the Tax. The Director then reconciles the difference between the actual receipts and the estimated distributions, and distributes the remaining balance to each participating school corporation on or around November 1 for the previous fiscal year ending June 30 (the “Reconciliation Payment”). It is possible that the Reconciliation Payment is a negative number if actual receipts were less than expected by an amount greater than 5%.

The Tax is remitted to each participating school corporation in the State based on actual enrollment as a percentage of total statewide enrollment for the fiscal year in question. The actual enrollment for a fiscal year is determined by a count of those students registered to attend the school corporation as of the previous October 1st (as amended from time to time by the Iowa Legislature). Each participating school corporation receives an equal amount of revenue per student from the Tax.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

The following is a summary of certain provisions of the Bond Resolution authorizing the issuance of the Bonds (the “Bond Resolution”). This summary is not to be considered a full statement of the provisions of the Bond Resolution and is qualified by reference to the Bond Resolution. Copies of the Bond Resolution are available from Bond Counsel.

Source of Payment:

The Bonds are not general obligations of the District but special limited obligations of the District. The Bonds, currently Outstanding Bonds (as defined herein), and any Additional Bonds (as defined herein) which may be issued in the future, are payable only from School Infrastructure Sales, Services and Use tax (the “Tax Revenues”) received by the District under the Act. **THE BONDS SHALL NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE DISTRICT OR CHARGE AGAINST ITS GENERAL CREDIT OR GENERAL FUNDS. NEITHER THE FAITH AND CREDIT OF THE DISTRICT, THE COUNTY OR THE STATE OF IOWA NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE STATE OF IOWA OR ANY POLITICAL SUBDIVISION OF THE STATE OF IOWA, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO.** See “**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**” herein

The Bonds will also be secured by a debt service reserve fund. See “**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Reserve Fund**” for a description of the debt service reserve fund for the Bonds.

Collection of the Tax:

The Tax shall mean the District’s portion of the one percent (1%) sales, services and use tax imposed by the State of Iowa for school infrastructure purposes which must be deposited into the State Secure an Advanced Vision for Education Fund and distributed to the District pursuant to section 423E.4 Code of Iowa, 2007 as amended. The Director remits Tax revenues to the District on the last day of the next month.

From and after the delivery of any Bonds, and as long as any of the Bonds, or parity bonds shall be outstanding and unpaid either as to principal or interest, or until all of the Bonds and parity bonds then outstanding shall have been discharged and satisfied, all of the receipts of the Tax shall be deposited as collected in a special fund to be known as the School Infrastructure Sales and Services Tax Revenue Fund (the “Revenue Fund”) and shall be disbursed in the following priority and only as follows:

Sinking Fund:

There shall be created within the Sinking Fund established in the Prior Bond Resolutions various subaccounts with respect to each series of Outstanding Bonds, the Bonds and Parity Bonds. The money in the Revenue Fund shall first be disbursed on a parity basis to make deposits into the various subaccounts of the Sinking Fund. The amount to be paid into the respective subaccounts of the Sinking Fund shall be sufficient to pay the principal of, premium, if any, and interest due each Fiscal Year on the Outstanding Bonds, the Bonds authorized to be issued by the Resolution and Parity Bonds. The District may establish other subaccounts within the Sinking Fund upon the issuance of Additional Bonds. The subaccounts in the Sinking Fund shall be segregated from all other Funds, accounts and subaccounts established by the Resolution and each subaccount shall be segregated and shall not be commingled or pledged to any other Parity Bonds or Additional Bonds, if issued, unless allowed by the Code. Upon the issuance of Additional Bonds or Parity Bonds, the District may provide for annual or more or less frequent payments of principal and interest into the subaccount(s) for the Parity Bonds or Additional Bonds proposed to be issued. The following subaccounts are hereby established:

(A) The 2009 Qualified School Construction Bond Sinking Fund Subaccount ("QSCB 2009 Sinking Fund Subaccount").

The provisions in the Prior Bond Resolutions whereby there were created and maintained the QSCB 2009 Sinking Fund Subaccount for the payment into said fund from the School Infrastructure Tax Revenues, amounts sufficient to pay the principal of and interest on the outstanding QSCB Bonds is hereby ratified and confirmed, and all such provisions inure to and constitute the security for the payment of principal and interest on the outstanding QSCB Bonds. The QSCB 2009 Sinking Fund Subaccount is hereby ratified and shall be held in trust for payment of the outstanding QSCB Bonds pursuant to the Prior Bond Resolution authorizing the outstanding QSCB Bonds. The QSCB 2009 Sinking Fund Subaccount is not pledged or otherwise held for the benefit of the purchasers of the Series 2016 Bonds, the Bonds, the 2010A QSCB Bonds, or Parity Bonds.

(B) The 2010A Qualified School Construction Bond Sinking Fund Subaccount ("QSCB 2010A Sinking Fund Subaccount").

The provisions in the Prior Bond Resolutions whereby there were created and maintained the QSCB 2010A Sinking Fund Subaccount for the payment into said fund from the School Infrastructure Tax Revenues, amounts sufficient to pay the principal of and interest on the outstanding QSCB Bonds is hereby ratified and confirmed, and all such provisions inure to and constitute the security for the payment of principal and interest on the outstanding QSCB Bonds. The QSCB 2010A Sinking Fund Subaccount is hereby ratified and shall be held in trust for payment of the outstanding QSCB Bonds pursuant to the Prior Bond Resolution authorizing the outstanding QSCB Bonds. The QSCB 2010A Sinking Fund Subaccount is not pledged or otherwise held for the benefit of the purchasers of the Series 2016 Bonds, the Bonds, the 2009 QSCB Bonds, or Parity Bonds.

(C) The Tax-Exempt Bond Sinking Fund Subaccount ("Tax-Exempt Bond Sinking Fund Subaccount").

The provisions in the Prior Bond Resolutions whereby there were created and maintained a "Tax-Exempt Sales Tax Bond Subaccount" within the Sinking Fund which shall be held by the District, is hereby ratified and confirmed. The required amount to be deposited in the Tax-Exempt Sales Tax Bond Subaccount in any month shall be the equal monthly amount necessary to pay in full the installment of interest coming due on the next interest payment date on the then outstanding Series 2016 Bonds and the Bonds plus the equal monthly amount necessary to pay in full the installment of principal coming due on the outstanding Series 2016 Bonds and the Bonds as the same shall become due and payable. Accrued interest, if any, shall be deposited in the Tax-Exempt Sales Tax Bond Subaccount. The Tax-Exempt Sales Tax Bond Subaccount is not pledged or otherwise held for the benefit of the purchasers or owners of the outstanding 2009 QSCB Bonds, or the 2010A QSCB Bonds.

Reserve Fund:

There shall be created within the Reserve Fund established in the Prior Bond Resolutions various subaccounts with respect to each series of Outstanding Bonds, if required, the Bonds, and Parity Bonds, if required. The money in the Revenue Fund shall next be disbursed on a parity basis to maintain debt service reserve subaccounts, each in an amount equal to the Reserve Fund Requirement for each series of Outstanding Bonds, if required, the Bonds, and Parity Bonds, if required, which shall be held by the District. The District may establish other subaccounts within the Reserve Fund upon the issuance of Additional Bonds. The subaccounts in the Reserve Fund shall be segregated from all other Funds, accounts and subaccounts established by the Resolution and each subaccount shall be segregated and shall not be commingled or pledged to any other Parity Bonds or Additional Bonds, if issued, unless allowed by the Code. Upon the issuance of Additional Bonds or Parity Bonds, the District may provide for annual or more or less frequent payments into the subaccount(s) for the Parity Bonds or Additional Bonds proposed to be issued. The following subaccounts are hereby established:

(A) The School Infrastructure, Sales, Services and Use Tax Revenue Bonds, Series 2016, Debt Service Reserve Fund Subaccount ("2016 Reserve Fund Subaccount").

The provisions in the Prior Bond Resolutions whereby there were created and maintained a Reserve Fund for the outstanding Series 2016 Bonds, which shall be held by the District, is hereby ratified and confirmed. In each month there shall be deposited in the 2016 Reserve Fund Subaccount an amount equal to one hundred percent of the amount required by the September 12, 2016 Prior Bond Resolution to be deposited in such month in the Tax-Exempt Bond Sinking Fund Subaccount; provided, however, that when the amount on deposit in the 2016 Reserve Fund Subaccount shall be not less than the Reserve Fund Requirement for the outstanding Series 2016 Bonds, no further deposits shall be made into the 2016 Reserve Fund Subaccount, except to maintain such level, and when the amount on deposit in the 2016 Reserve Fund Subaccount is greater than the balance required above, such additional amounts shall be withdrawn and paid into the Revenue Fund. The 2016 Reserve Fund Subaccount is not pledged or otherwise held for the benefit of the purchasers or owners of the outstanding 2009 QSCB Bonds, the 2010A QSCB Bonds, or the Bonds.

(B) The School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2019, Debt Service Reserve Fund Subaccount ("2019 Reserve Fund Subaccount").

There is hereby established a 2019 Reserve Fund Subaccount for the outstanding Bonds, which shall be held by the District. In each month there shall be deposited in the 2019 Reserve Fund Subaccount an amount equal to one hundred percent of the amount required by the Resolution to be deposited in such month in the Tax-Exempt Bond Sinking Fund Subaccount; provided, however, that when the amount on deposit in the 2019 Reserve Fund Subaccount shall be not less than the Reserve Fund Requirement for the outstanding Bonds, no further deposits shall be made into the 2019 Reserve Fund Subaccount, except to maintain such level, and when the amount on deposit in the 2019 Reserve Fund Subaccount is greater than the balance required above, such additional amounts shall be withdrawn and paid into the Revenue Fund. The 2019 Reserve Fund Subaccount is not pledged or otherwise held for the benefit of the purchasers or owners of the outstanding 2009 QSCB Bonds, the 2010A QSCB Bonds, or the Series 2016 Bonds. On the day of closing, the District shall deposit \$200,000 from cash on hand (and NOT from Bond Proceeds) into the 2019 Reserve Fund Subaccount.

Prior Lien and Parity Bonds; Subordinate Obligations

So long as the 2009 QSCB Bonds remain outstanding and are a lien on the Sales Infrastructure Tax Revenues, Section 19 of the Resolution authorizing the 2009 QSCB Bonds shall apply; thereafter, and so long as the 2010A QSCB Bonds remain outstanding and are a lien on the Sales Infrastructure Tax Revenues, Section 19 of the Resolution authorizing the 2010A QSCB Bonds shall apply; thereafter, and so long as the 2016 SISSU Tax Revenue Bonds remain outstanding and are a lien on the Sales Infrastructure Tax Revenues, Section 19 of the Resolution authorizing the 2016 SISSU Tax Revenue Bonds shall apply; thereafter, and so long as the Bonds remain outstanding and are a lien on the School Infrastructure Tax Revenues this section shall apply.

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

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

(a) For the purpose of refunding any of the Bonds or Parity Bonds outstanding so long as the refunding is an Economic Refunding, without complying with subsection (b) below;

(b) For the purpose of refunding any Bonds or Parity Bonds outstanding, or for other lawful purposes, before any such Additional Bonds ranking on a parity are issued, there will have been procured and filed with the Secretary, a statement of an Independent Auditor reciting the opinion based upon necessary investigations that the School Infrastructure Tax Revenues for the preceding Fiscal Year (with adjustments as hereinafter provided) were equal to at least 1.25 times the maximum amount that will be required in any Fiscal Year for the payment of both principal of and interest on all Bonds or Parity Bonds then outstanding which are payable from the School Infrastructure Tax Revenues and the Additional Bonds then proposed to be issued.

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

(c) the Additional Bonds must be payable as to principal and as to interest on the same month and day as the Bonds herein authorized.

(d) for the purposes of this Section, principal and interest falling due on the first day of a Fiscal Year shall be deemed a requirement of the immediately preceding Fiscal Year.

(e) the Reserve Fund for the Bonds, the 2016 School Infrastructure Sales Services and Use Tax Revenue Bonds, and the Additional Bonds, if required, must be fully funded as of the date of issue of the Additional Bonds.

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

BONDHOLDERS’ RISKS

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

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, secondary marketing practices in connection with a particular bond or note issue are suspended or terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

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

Ratings Loss

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

Various factors, including additional 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.

Matters Relating to Enforceability of Agreements

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

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

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

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 District to pay debt service when due on the Bonds.

Tax Matters, Bank Qualification and Loss of Tax Exemption

As discussed under the heading “**TAX MATTERS**” herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the District 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 District intends to designate the Bonds as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The District 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 District 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 future legislation being enacted or whether the currently proposed terms of any pending legislation will be altered or removed during the legislative process cannot be reliably predicted.

It is also possible that actions of the District 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.

Limited Obligations

The Bonds are not general obligations of the District but special limited obligations of the District. The Bonds, currently Outstanding Bonds, and any Additional Bonds which may be issued in the future, are payable only from the Tax Revenues. **THE BONDS SHALL NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE DISTRICT OR CHARGE AGAINST ITS GENERAL CREDIT OR GENERAL FUNDS. NEITHER THE FAITH AND CREDIT OF THE DISTRICT, THE COUNTIES OR THE STATE OF IOWA NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE STATE OF IOWA OR ANY POLITICAL SUBDIVISION OF THE STATE OF IOWA, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO.** See “**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**” herein.

Estimated Collections

Estimates of revenue available to pay the Bonds in the future presented herein are based on estimates provided to the District by the Department of Revenue, which estimates have not been independently reviewed by any third parties. If such estimates vary significantly from actual tax collections in the future, that variance could prevent the District from making timely payments of principal of and interest on the Bonds.

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

Enrollment Trends

Receipts of the Tax Revenues are based on the actual enrollment of the District as described herein. Changes in enrollment, whether up or down, will impact collections under the Tax Revenues, the impact of which could be material. Deterioration in long term enrollment, or increases in statewide enrollments not matched by increases in enrollments in the District, will potentially reduce the actual collections of the Tax Revenues, and that reduction could materially alter the District's ability to repay the Bonds.

Economic Conditions

The Tax Revenues are being collected generally on the same basis as the State retail sales, services and use tax, subject to certain exceptions. See "**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**" herein. The Tax may not be levied on the sale of property or on any service not taxed by the State. A wide variety of economic and other conditions could cause fluctuations affecting the volume of taxable sales and services within the State which would then affect the District's receipt of the Tax Revenues.

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 District 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 **APPENDIX B – Describing Book-Entry Only Issuance**.

Continuing Disclosure

A failure by the District to comply with 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 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and may adversely affect the transferability and liquidity of the Bonds and their market price.

The District will covenant in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Bonds to provide annually certain financial information and operating data relating to the District (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the District no later than April 15 of each fiscal year, commencing with the fiscal year ending June 30, 2020, with the Municipal Securities Rulemaking Board, at its internet repository named "Electronic Municipal Market Access" ("EMMA"). The notices of events, if any, are also to be filed with EMMA. See "**APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE**." The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in "**APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE**." These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

Cybersecurity

The District, 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 District will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the District'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 District's operations and financial condition. The District has a \$1,000,000 Cyber-Liability Policy. The District 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 herein.

Suitability of Investment

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

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 District 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 District 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 Act, 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.

Legislation

From time to time, there are proposals pending in Congress and in the Iowa Legislature that could, if enacted, alter or amend one or more of the 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.

Other Factors

An investment in the Bonds involves an element of risk. 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.

THE DISTRICT

History and Overview

The District serves an approximately 555 square mile area in northeastern Iowa. The District includes the western two-thirds of Dubuque County and portions of Clayton, Delaware, Jackson, and Jones Counties. In terms of land area, the District is the largest public community school district in Iowa. The Dubuque County portion of the District represents approximately 82% of total District taxable property valuation. Dyersville, the largest city in the District, is approximately 20 miles west of Dubuque, 45 miles northwest of Cedar Rapids and 60 miles east of Waterloo.

The character of the District is primarily rural. Incorporated communities within the District and their 2010 census populations include Dyersville (4,058), Cascade (2,159), Epworth (1,860) and Farley (1,537). Other smaller towns in the District include Balltown, Bankston, Bernard, Centralia, Holy Cross, Luxemburg, New Vienna, Peosta, Rickardsville and Worthington. The estimated 2010 population of the District is 21,320.

The District was voted into existence in May 1960. Prior to that election there had been as many as 61 independent school districts in Dubuque County with 103 one room rural schools and three high schools. The county-wide reorganization that culminated in the 1960 election divided Dubuque County into two districts: Dubuque Community School District covering the eastern one-third of the County and including the City of Dubuque; and Western Dubuque County Community School District, which includes the balance of Dubuque County.

See **APPENDIX A** for additional information on the District and the Dubuque County.

District Organization and Services

The District is an independent unit of government authorized under Section 274.1 of the Iowa Code. The governing body of the District is comprised of a five member Board of Education elected at large for staggered four-year terms. Each member is required to reside in a separate director district of approximately equal population. A President and Vice President are selected annually from among the elected members of the Board. Daily administrative and academic functions of the District are the responsibility of the Superintendent, who is appointed by the Board. Also appointed by the Board are a Secretary, Treasurer, and legal counsel.

The District has 280 certified teachers, nurses and counselors, of which 57% hold advanced academic degrees. This group is represented by the Western Dubuque Education Association and has a contract that expires June 30th, 2022. The District also employs 252 hourly support staff, which are represented by the Teamsters Local 120 and has a contract expiring June 30th, 2020. Under present Iowa law, public employees are not allowed to strike. The District considers the relationship with its employees to be good.

The District owns approximately 63 buses and operates 33 regular bus routes. In addition, the District transports approximately 600 parochial school students daily. The State reimburses the District for the costs incurred for private school transportation.

Academic Services

The District is the only area provider of special education services for students with learning, physical, mental, and other disabilities. There are approximately 390 such students in the District. In addition, the District has a comprehensive K-12 talented and gifted program. Instructionally, a full complement of programs are available for District students. All instructional programs are totally revised and upgraded on a cyclical six-year calendar with all professional staff members from the affected area involved. The District has an extensive School-to-Work Program which offers students job shadowing, mentoring and paid internship opportunities. Also offered are numerous opportunities for students to concurrently earn both high school and college credit hours through ongoing partnerships with two local community colleges.

All of the learning centers in the District have computerized systems. There is a ratio of one computer for every two students in the District. All classrooms are connected to the Internet and technology is integrated in all curriculum areas. The District offers foreign language classes in Spanish.

Physical Plant

The District's facilities include eight major education buildings built between 1961 and 2011, as summarized below.

<u>Building</u>	<u>Date Originally Constructed</u>	<u>Dates of Additions</u>	<u>District Enrollment October 2019</u>
Elementary Schools:			
Cascade	1963	1991, 2003, 2009, 2017	310
Dyersville	2011	2019	302
Epworth	2001	2019	325
Farley	1991	2003	248
Peosta	2003	2017	375
Middle School:			
Drexler	1963	1967, 1977, 2003, 2011	742
High Schools:			
Cascade Jr/Sr	1961	1997, 1991, 2003, 2014	320
Western Dubuque HS at Epworth	1963	1967, 1977, 1991, 2003, 2014, 2015	901

SCHOOL INFRASTRUCTURE SALES, SERVICES AND USE TAX

The District collects the school infrastructure local option sales and services tax, pursuant to Code of Iowa Chapter 423E (the Prior Tax”) and Chapter 423F (the “Tax”) (collectively the “Act”). The Tax will be collected and distributed to each school district through January 1, 2051 based on a statutory formula which takes into account annual enrollment. See the section “THE ACT” herein for more information.

Revenue Purpose Statement

As part of the transition to the Tax, a revenue purpose statement (the “Revenue Purpose Statement”), indicating how this funding will be used by the District, is required to be approved by voters. At a September 9, 2008 election, voters approved the following Revenue Purpose Statement to allow the District to expend Tax revenues as follows:

- To provide funds for property tax relief.
- To provide funds for the payment of principal and interest or retirement of general obligation bonds issued for school infrastructure purposes, energy improvement loans, loan agreements authorized by Iowa Code section 297.36, sales, services and use tax revenue bonds issued under Iowa Code section 423E.5.
- To provide funds to build and furnish a new school building or buildings; to build and furnish addition(s) to school buildings in the District; to remodel, repair, expand, and improve the school buildings in the District; to purchase and improve grounds; for demolition work; to furnish and equip district facilities.
- To provide funds for the purchase, lease or lease-purchase of buildings or equipment (including transportation, technology and recreation equipment) as authorized by law, to implement energy conservation measures, sharing or rental of facilities, procuring or acquisition of libraries, or opening roads to schoolhouses or buildings.
- To provide funds for emergency repairs to respond to natural disasters, such as fire, wind damage, flood; unanticipated mechanical, plumbing, structural, roof, electrical system failures; environmental remediation; or to respond to changes in demographics that require construction of additions or improvements to school buildings or new school buildings; and other authorized expenditures and purposes as now or hereafter permitted by law and designated by the Western Dubuque Community School District.

PROJECTED AND HISTORICAL STATEWIDE RECEIPTS OF THE TAX AND AVERAGE PER STUDENT

<u>Fiscal Year Ended June 30</u>	<u>Total Statewide Disbursements(1)</u>	<u>Total Statewide Enrollment (Prior October Count)</u>	<u>Average Revenue Per Student</u>
2011.....	\$382,812,657	474,227	\$ 807
2012.....	401,369,617	473,493	847
2013.....	410,929,431	473,504	868
2014.....	429,873,936	476,245	903
2015.....	440,240,174	478,921	919
2016.....	453,349,009	480,772	943
2017.....	454,308,480	483,451	940
2018.....	471,365,664	485,147	972
2019.....	494,111,435(2)	486,264	1,016(2)
2020.....	516,578,987(2)	487,651.5	1,059(2)

Notes: (1) Source: the Iowa Department of Revenue.
 (2) Preliminary subject to change.

Estimated Receipts Of The Tax Available For Distribution – Per Pupil Basis

<u>Fiscal Year</u>	<u>Total State Revenues(1)(3)</u>	<u>Total State Enrollment(2)</u>	<u>Average Revenue Per Student(3)</u>
2020.....	\$516,578,987	487,651	\$1,059
2021.....	516,578,987	487,651	1,059
2022.....	516,578,987	487,651	1,059
2023.....	516,578,987	487,651	1,059
2024.....	516,578,987	487,651	1,059
2025.....	516,578,987	487,651	1,059
2026.....	516,578,987	487,651	1,059
2027.....	516,578,987	487,651	1,059
2028.....	516,578,987	487,651	1,059
2029.....	516,578,987	487,651	1,059

- Notes: (1) Source: the Iowa Department of Revenue. Total State Revenues are expected to vary in each year and are assumed at the Fiscal Year 2019 revenue level for purposes of this table.
 (2) See table entitled "Enrollment" below.
 (3) Subject to change.

Estimated District - Future Sales, Services & Use Tax Receipts

<u>Fiscal Year</u>	<u>Total State Revenues(1)(5)</u>	<u>Total State Enrollment(2)</u>	<u>Average Revenue Per Student</u>	<u>Estimated District Enrollment(2)</u>	<u>Total Estimated District Receipts(3)(5)</u>
2020	\$516,578,987	487,651	\$1,059	3,094	\$ 3,113,302(4)
2021	516,578,987	487,651	1,059	3,094	3,276,546
2022	516,578,987	487,651	1,059	3,094	3,276,546
2023	516,578,987	487,651	1,059	3,094	3,276,546
2024	516,578,987	487,651	1,059	3,094	3,276,546
2025	516,578,987	487,651	1,059	3,094	3,276,546
2026	516,578,987	487,651	1,059	3,094	3,276,546
2027	516,578,987	487,651	1,059	3,094	3,276,546
2028	516,578,987	487,651	1,059	3,094	3,276,546
2029	516,578,987	487,651	1,059	3,094	<u>3,276,546</u>
Total					\$32,602,216

- Notes: (1) Source: the Iowa Department of Revenue. Total State Revenues are expected to vary in each year and are assumed at the fiscal year 2020 revenue projection level for purposes of this table.
 (2) Fiscal year 2020 and thereafter equals Enrollment for October 2018. See table entitled "Enrollment" below.
 (3) In all years except 2020, equals Average Revenue Per Student times Estimated District Enrollment.
 (4) Includes Tax revenues that the Iowa Department of Revenue has indicated that it will send to the District through June 30, 2020, subject to the November 2020 reconciliation payment. For historical receipts see the table entitled "Actual and Projected Iowa Department of Revenue School Prior Tax and Tax Payments" below.
 (5) Subject to change.

District Enrollment

Enrollment numbers are part of the formula to determine how much the District will receive from the Tax. Listed below are historic certified enrollment figures and open enrollment figures for the District.

Certified Enrollment(1)

<u>Count Date</u>	<u>Budget Year</u>	<u>State Total</u>	<u>District Total</u>
October 2010	2011-12	473,493	2,879
October 2011	2012-13	473,504	2,919
October 2012	2013-14	476,245	2,977
October 2013	2014-15	478,921	2,950
October 2014	2015-16	480,772	2,991
October 2015	2016-17	483,451	3,051
October 2016	2017-18	485,147	3,149
October 2017	2018-19	486,264	3,099
October 2018	2019-20	487,652	3,094
October 2019	2020-21	n/a	3,130

- Note: (1) Source: Iowa Department of Education and the District.

District Open Enrollment(1)

<u>October</u>	<u>Enrolled In</u>	<u>Enrolled Out</u>
2011.....	155.....	64
2012.....	166.....	56
2013.....	169.....	56
2014.....	186.....	58
2015.....	190.....	53
2016.....	217.....	58
2017.....	244.....	60
2018.....	270.....	63
2019.....	301.....	74

Notes: (1) Source: the Iowa Department of Education and the District.

Historical and School Prior Tax Payments

Actual and Projected Iowa Department of Revenue School Prior Tax and Tax Payments(1)

<u>Fiscal Year Ending June 30</u>	<u>Actual Payments Received(2)</u>	<u>Percent Change</u>
2011.....	\$2,888,620	n/a
2012.....	3,054,890	5.76%
2013.....	3,103,703	1.60%
2014.....	2,604,759	(16.08%)(4)
2015.....	2,721,300	4.47%
2016.....	2,820,610	3.65%
2017.....	2,866,825	1.64%
2018.....	3,059,495	6.72%
2019.....	2,992,044(3)	(2.20%)
2020.....	3,113,302(3)	4.05%

- Notes: (1) Source: Iowa Department of Revenue.
 (2) Includes a reconciliation payment in November attributable to the previous fiscal year.
 (3) Tax Revenues as estimated by the Iowa Department of Revenue. Does not include the 5% retention set aside until the final reconciliation.
 (4) Decreases reflect the transition from Prior Tax to Tax receipts.

THE PROJECT

Bond proceeds will be used to: (i) pay the costs of constructing, furnishing, and equipping an addition to the Peosta Elementary School and (ii) pay the costs of issuing the Bonds.

DEFAULT RECORD

The District has no record of default and has met its debt repayment obligations promptly.

SCHOOL INFRASTRUCTURE SALES, SERVICES AND USE TAX REVENUE DEBT INFORMATION

After issuance of the Bonds, the District will have outstanding \$12,190,831* principal amount of obligations payable from the Tax Revenues. In addition, the District has outstanding approximately \$15,340,000 principal amount of general obligation debt which are payable from a debt service levy.

The District does not expect to issue any additional debt in fiscal year 2020.

*Subject to change.

Summary of Outstanding School Infrastructure Sales, Services and Use Tax Revenue Debt(1)
 (Principal Only)

Series 2009 QSCB.....	\$ 3,849,176
Series 2010A QSCB.....	1,206,655
Series 2016.....	5,135,000
The Bonds(2)	<u>2,000,000</u>
Total(2)	\$12,190,831

Notes: (1) Source: the District.
 (2) Subject to change.

School Infrastructure Sales, Services and Use Tax Revenue Bonded Debt(1)
 (Principal Only)

Fiscal Year Ending June 30	QSCB	QSCB	Series 2016	Total	The	Total	Cumulative	
	Series 2009	Series 2010A		Outstanding Tax Rev Debt	Bonds(2)	Tax Revenue Debt(2)	Principal Retired Amount	Percent
2020.....	\$ 517,760	\$1,206,655	\$ 455,000	\$ 2,179,415	\$ 0	\$ 2,179,415	\$ 2,179,415	17.88%
2021.....	528,115	0	465,000	993,115	645,000	1,638,115	3,817,531	31.31%
2022.....	538,678	0	475,000	1,013,678	670,000	1,683,678	5,501,208	45.13%
2023.....	549,451	0	490,000	1,039,451	685,000	1,724,451	7,225,660	59.27%
2024.....	560,440	0	505,000	1,065,440	0	1,065,440	8,291,100	68.01%
2025.....	571,649	0	515,000	1,086,649	0	1,086,649	9,377,749	76.92%
2026.....	583,082	0	530,000	1,113,082	0	1,113,082	10,490,831	86.06%
2027.....	0	0	550,000	550,000	0	550,000	11,040,831	90.57%
2028.....	0	0	565,000	565,000	0	565,000	11,605,831	95.20%
2029.....	0	0	585,000	585,000	0	585,000	12,190,831	100.00%
Total.....	<u>\$3,849,176</u>	<u>\$1,206,655</u>	<u>\$5,135,000</u>	<u>\$10,190,831</u>	<u>\$2,000,000</u>	<u>\$12,190,831</u>		

Notes: (1) Source: the District.
 (2) Subject to change.

Bonded Debt Service and Coverage Ratio(1)

Fiscal Year Ending June 30	QSCB Series 2009	QSCB Series 2010A	Less: Interest Earned	The Bonds 2016	Total Outstanding Tax Revenue Debt Service(2)	The Bonds(3)	Total Tax Revenue Debt Service(3)	Estimated Revenues(4)	Debt Service Coverage(5)
2020.....	\$ 517,760	\$1,206,655	\$ (218,693)	\$ 557,700	\$2,063,422	\$ 0	\$ 2,063,422	\$3,113,302	1.51x
2021.....	528,115	0	(103,372)	558,600	983,344	703,875	1,687,219	3,276,546	1.94x
2022.....	538,678	0	(113,934)	559,300	984,044	700,488	1,684,531	3,276,546	1.95x
2023.....	549,451	0	(124,708)	564,800	989,544	700,412	1,689,956	3,276,546	1.94x
2024.....	560,440	0	(135,697)	570,000	994,744	0	994,744	3,276,546	3.29x
2025.....	571,649	0	(146,905)	569,900	994,644	0	994,644	3,276,546	3.29x
2026.....	583,082	0	(158,338)	574,600	999,344	0	999,344	3,276,546	3.28x
2027.....	0	0	0	584,000	584,000	0	584,000	3,276,546	5.61x
2028.....	0	0	0	588,000	588,000	0	588,000	3,276,546	5.57x
2029.....	0	0	0	596,700	596,700	0	596,700	3,276,546	5.49x
Total.....	<u>\$3,849,176</u>	<u>\$1,206,655</u>	<u>\$(1,001,647)</u>	<u>\$5,723,600</u>	<u>\$9,777,784</u>	<u>\$2,104,775</u>	<u>\$11,882,588</u>	<u>\$32,765,460</u>	

Notes: (1) Source: the District.
 (2) Total Remaining net of current deposits. Annual Sinking Reserve Fund payments earn interest. The District has an interest earning contract with Dubuque Bank and Trust for the QSCB Series 2009 for 2% and Fidelity Bank & Trust for the QSCB 2010A for 1.85%. The principle payments along with the interest earned will be used to pay the QSCB bonds at maturity.
 (3) Subject to change.
 (4) See the tables entitled "Estimated District – Future Sales, Services and Use Tax Receipts" and "Actual and Projected Iowa Department of Revenue School Prior Tax and Tax Payments above."
 (5) Minimum debt service coverage is 1.25x.

FINANCIAL INFORMATION

Financial Reports

The District's financial statements are audited annually by certified public accountants. The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. See **APPENDIX A** for more detail.

No Consent or Updated Information Requested of the Auditor

The tables and excerpts (collectively, the "Excerpted Financial Information") contained in this "**FINANCIAL INFORMATION**" section are from the audited financial statements of the District, including the audited financial statements for the fiscal year ended June 30, 2019 (the "2019 Audit"). The 2019 Audit has been prepared by O'Connor, Brooks & Co., P.C., Certified Public Accountants, Dubuque, Iowa, (the "Auditor"), and received by the Board of Education. The District has not requested the Auditor to update information contained in the Excerpted Financial Information and the 2019 Audit; nor has the District requested that the Auditor consent to the use of the Excerpted Financial Information and the 2019 Audit in this Official Statement. The inclusion of the Excerpted Financial Information and the 2019 Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the District since the date of the 2019 Audit. Questions or inquiries relating to financial information of the District since the date of the 2019 Audit should be directed to the District.

Summary Financial Information

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. See **APPENDIX A** for the District's 2019 Audit. The District's unrestricted fund balance in its General Fund for the fiscal year ending June 30, 2019 increased by approximately \$150,700. The District has approved a budget for fiscal year 2020 with an anticipated decrease to the General Fund balance of approximately \$1,000,000, largely due to the current limitations on levying for Cash Reserve placed on districts with fund balances exceeding of 20% of annual expenditures, as stated in Iowa Code. Current Board goals for Solvency Ratio and Spending Authority are being exceeded.

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**Statement of Net Position(1)
 Governmental Activities**

	Audited as of June 30				
	2015	2016	2017	2018	2019
ASSETS:					
Cash, Cash Equivalents and Pooled Investments.....	\$16,509,069	\$ 17,235,037	\$ 23,403,622	\$ 19,053,101	\$ 19,548,718
Receivables:					
Property Taxes:					
Delinquent	149,413	172,553	117,579	52,872	51,338
Succeeding Year	15,856,402	15,527,282	15,624,033	16,709,874	17,221,289
Income Surtax	1,261,372	1,189,963	1,290,064	1,401,504	1,395,013
Accounts	64,785	15,567	7,841	18,509	47,074
Due From Other Governments	1,476,273	1,558,261	1,388,259	1,402,821	1,313,677
Due From Other Funds.....	0	0	0	13,500	90,192
Prepaid Expenses	146,544	92,828	50,514	82,736	34,393
Capital Assets, Net of Accumulated Depreciation	59,328,594	58,477,790	62,398,363	61,877,825	61,800,007
Restricted Assets:					
Cash Held in Escrow	4,867,164	6,468,551	4,445,659	9,762,315	11,457,010
Total Assets.....	<u>\$99,659,616</u>	<u>\$100,737,832</u>	<u>\$108,725,934</u>	<u>\$110,375,057</u>	<u>\$112,958,711</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amounts on Refunding.....	\$ 111,063	\$ 92,291	\$ 73,519	\$ 54,747	\$ 35,975
Pension Related Amounts	2,337,852	2,371,447	4,690,699	5,818,257	5,282,177
OPEB Related Amounts	0	0	0	0	238,113
Total Deferred Outflows of Resources	<u>\$ 2,448,915</u>	<u>\$ 2,463,738</u>	<u>\$ 4,764,218</u>	<u>\$ 5,873,004</u>	<u>\$ 5,556,265</u>
LIABILITIES:					
Accounts Payable.....	\$ 731,994	\$ 669,253	\$ 1,059,464	\$ 448,502	\$ 829,529
Salaries and Benefits Payable	3,186,537	3,372,593	2,906,282	3,017,398	2,900,404
Due to Other Funds	125	1,113	0	0	0
Accrued Interest Payable.....	44,115	42,490	50,276	47,721	44,947
Long-Term Liabilities:					
Portion Due Within One Year:					
General Obligation Bonds.....	770,000	785,000	815,000	870,000	895,000
Revenue Bonds	0	0	435,000	445,000	455,000
Portion Due After One Year:					
General Obligation Bonds.....	17,810,000	17,025,000	16,210,000	15,340,000	14,445,000
Revenue Bonds	0	0	5,580,000	5,135,000	4,680,000
Qualified School Construction Bonds.....	11,632,836	10,031,449	12,054,341	6,737,685	5,042,990
Payable from Restricted Assets:					
Qualified School Construction Bonds.....	4,867,164	6,468,551	4,445,659	9,762,315	11,457,010
Net Pension Liability	11,104,573	13,529,596	17,526,023	19,183,282	18,470,385
Total OPEB Liability.....	4,277,000	4,409,000	4,512,000	8,098,865	8,746,283
Unamortized Bond Premium.....	0	0	87,843	80,742	73,101
Unamortized Bond Discount	(87,187)	(80,124)	(73,061)	(65,998)	(58,935)
Total Liabilities.....	<u>\$54,337,157</u>	<u>\$ 56,253,921</u>	<u>\$ 65,608,827</u>	<u>\$ 69,100,242</u>	<u>\$ 67,980,714</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Property Tax Revenue	\$15,856,402	\$ 15,527,282	\$ 15,624,033	\$ 16,709,874	\$ 17,221,289
Pension Related Amounts	4,684,327	1,564,294	54,489	199,696	824,377
OPEB Related Amounts	0	0	0	171,754	155,637
Total Deferred Inflows of Resources	<u>\$20,540,729</u>	<u>\$ 17,091,576</u>	<u>\$ 15,678,522</u>	<u>\$ 17,081,324</u>	<u>\$ 18,201,303</u>
NET POSITION:					
Net Investment in Capital Assets	\$24,248,594	\$ 24,167,790	\$ 23,963,986	\$ 23,587,825	\$ 24,825,007
Restricted For:					
Categorical Funding	745,725	928,287	1,028,896	1,089,846	732,312
Management Levy Purposes	1,453,280	1,512,847	1,785,704	2,227,361	2,828,257
Physical Plant and Equipment	1,338,991	1,851,384	1,931,646	1,630,536	1,719,184
Student Activities	812,386	842,786	838,202	853,275	764,918
School Infrastructure.....	4,408,249	2,705,346	2,994,811	3,885,641	3,649,281
Debt Service.....	5,007,569	6,636,619	8,935,218	10,626,197	12,356,663
Unrestricted	(10,784,149)	(8,788,986)	(9,275,660)	(13,934,186)	(14,542,663)
Total Net Position	<u>\$27,230,645</u>	<u>\$ 29,856,073</u>	<u>\$32,202,803</u>	<u>\$ 30,066,495</u>	<u>\$ 32,332,959</u>

Note: (1) Source: Audited financial statements of the District.

**Statement of Activities(1)
 Governmental Activities**

FUNCTION/PROGRAMS	Audited Fiscal Year Ended June 30				
	2015	2016	2017	2018	2019
Governmental Activities:					
Instruction.....	\$(14,814,510)	\$(15,525,102)	\$(16,835,122)	\$(17,826,826)	\$(17,871,270)
Support Services	(10,235,619)	(11,305,854)	(11,964,286)	(12,476,660)	(12,541,750)
Non-instructional Programs	(32,610)	(47,840)	(49,599)	(22,043)	(40,656)
Other Expenditures.....	<u>(2,287,105)</u>	<u>(2,218,039)</u>	<u>(2,422,426)</u>	<u>(2,683,182)</u>	<u>(2,451,973)</u>
Total Governmental Activities	<u>\$(27,369,844)</u>	<u>\$(29,096,835)</u>	<u>\$(31,271,733)</u>	<u>\$(33,008,711)</u>	<u>\$(32,905,649)</u>
General Revenues:					
Property Taxes Levied for:					
General Purposes.....	\$ 12,964,519	\$ 13,282,760	\$ 12,881,424	\$ 12,984,911	\$ 13,903,126
Debt Service.....	926,535	927,488	921,537	929,559	962,164
Capital Outlay.....	1,245,091	1,287,803	1,370,088	1,424,088	1,524,871
Instructional Support Surtax.....	1,656,028	1,613,622	1,847,888	1,806,940	1,860,681
Statewide Sales, Services, and Use Tax	2,801,822	2,853,633	2,918,513	2,930,786	3,181,543
Unrestricted State Grants	12,139,908	12,056,015	12,477,506	12,857,427	12,380,597
Unrestricted Investment Earnings.....	90,946	256,940	324,350	441,587	695,263
Other.....	670,347	687,249	877,157	877,688	624,982
Transfers.....	0	0	0	50,000	38,886
Loss on Disposal of Assets.....	0	<u>(1,243,247)</u>	0	0	0
Total General Revenues.....	<u>\$ 32,495,196</u>	<u>\$ 31,722,263</u>	<u>\$ 33,618,463</u>	<u>\$ 34,302,986</u>	<u>\$ 35,172,113</u>
Change in Net Position.....	\$ 5,125,352	\$ 2,625,428	\$ 2,346,730	\$ 1,294,275	\$ 2,266,464
Net Position Beginning of Year	<u>22,105,293(2)</u>	<u>27,230,645</u>	<u>29,856,073</u>	<u>28,772,220(2)</u>	<u>30,066,495</u>
Net Position End of Year	<u>\$ 27,230,645</u>	<u>\$ 29,856,073</u>	<u>\$ 32,202,803</u>	<u>\$ 30,066,495</u>	<u>\$ 32,332,959</u>

Notes: (1) Source: Audited financial statements of the District.
 (2) Restated.

**Balance Sheet(1)
 General Fund**

ASSETS	Audited as of June 30				
	2015	2016	2017	2018	2019
Cash, Cash Equivalents and Pooled Investments.....	\$ 9,210,963	\$11,317,597	\$10,454,258	\$10,264,272	\$10,070,710
Receivables:					
Property Tax:					
Delinquent.....	119,301	136,984	90,006	40,423	38,886
Succeeding Year	12,497,845	11,811,388	11,846,253	12,702,413	12,827,339
Income Surtax	1,261,372	1,189,963	1,290,064	1,401,504	1,395,013
Accounts	7,218	11,220	5,159	15,830	19,356
Due From Other Funds.....	1,701	4,909	63	33,083	90,192
Due From Other Governments	1,042,405	1,089,469	1,145,389	1,154,345	1,060,401
Prepaid Expenses	129,240	112,098	117,306	58,631	22,783
Total Assets.....	<u>\$24,270,045</u>	<u>\$25,673,628</u>	<u>\$24,948,498</u>	<u>\$25,670,501</u>	<u>\$25,524,680</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable.....	\$ 363,422	\$ 537,957	\$ 292,942	\$ 300,297	\$ 395,016
Salaries and Benefits Payable	3,186,537	3,372,593	2,906,282	3,017,398	2,900,404
Due to Other Funds.....	125	1,113	46,800	0	0
Total Liabilities.....	<u>\$ 3,550,084</u>	<u>\$ 3,911,663</u>	<u>\$ 3,246,024</u>	<u>\$ 3,317,695</u>	<u>\$ 3,295,420</u>
Deferred Inflows Of Resources:					
Unavailable Revenues:					
Succeeding Year Property Tax.....	\$12,497,845	\$11,811,388	\$11,846,253	\$12,702,413	\$12,827,339
Income Surtax	1,261,372	1,189,963	1,290,064	1,401,504	1,395,013
Total Deferred Inflows of Resources.....	<u>\$13,759,217</u>	<u>\$13,001,351</u>	<u>\$13,136,317</u>	<u>\$14,103,917</u>	<u>\$14,222,352</u>
Fund Balance:					
Nonspendable	\$ 129,240	\$ 112,098	\$ 117,306	\$ 58,631	\$ 22,783
Restricted	745,725	928,287	1,028,896	1,089,846	732,312
Unassigned	6,085,779	7,720,229	7,419,955	7,100,412	7,251,813
Total Fund Balance	<u>\$ 6,960,744</u>	<u>\$ 8,760,614</u>	<u>\$ 8,566,157</u>	<u>\$ 8,248,889</u>	<u>\$ 8,006,908</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance.....	<u>\$24,270,045</u>	<u>\$25,673,628</u>	<u>\$24,948,498</u>	<u>\$25,670,501</u>	<u>\$25,524,680</u>

Note: (1) Source: Audited financial statements of the District.

**Statement of Revenues, Expenditures and Changes in Fund Balances
 General Fund(1)**

	Audited Fiscal Years Ended June 30				
	2015	2016	2017	2018	2019
REVENUES:					
Local Sources.....	\$15,676,442	\$16,293,053	\$15,879,376	\$16,219,819	\$17,257,739
State Sources.....	18,266,166	18,551,124	18,924,498	19,484,264	19,108,746
Federal Sources.....	1,074,649	1,049,552	1,039,854	1,052,444	1,197,244
Total Revenues.....	<u>\$35,017,257</u>	<u>\$35,893,729</u>	<u>\$35,843,728</u>	<u>\$36,756,527</u>	<u>\$37,563,729</u>
EXPENDITURES:					
Instruction.....	\$21,673,831	\$22,373,087	\$23,595,150	\$24,225,874	\$24,796,417
Support Services.....	9,988,163	10,416,949	11,007,165	11,346,840	11,539,699
Non-Instructional Programs.....	499	0	0	0	0
Other Expenditures.....	1,440,757	1,462,385	1,491,604	1,570,037	1,566,721
Total Expenditures.....	<u>\$33,103,250</u>	<u>\$34,252,421</u>	<u>\$36,093,919</u>	<u>\$37,142,751</u>	<u>\$37,902,837</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures.....	\$ 1,914,007	\$ 1,641,308	\$ (250,191)	\$ (386,224)	\$ (339,108)
Other Financing Sources (Uses):.....	8,678	158,562	55,734	68,956	97,127
Change in Fund Balance.....	\$ 1,922,685	\$ 1,799,870	\$ (194,457)	\$ (317,268)	\$ (241,981)
Fund Balance Beginning of Year.....	5,038,059	6,960,744	8,760,614	8,566,157	8,248,889
Fund Balance End of Year.....	\$ 6,960,744	\$ 8,760,614	\$ 8,566,157	\$ 8,248,889	\$ 8,006,908

Note: (1) Source: Audited financial statements for the District.

EMPLOYEE RETIREMENT AND OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS

Pensions

The District participates in the Iowa Public Employee's Retirement System (IPERS). Summary descriptions of the IPERS Plan follows, for more detailed information see **APPENDIX A – Note 8**.

In fiscal year 2019, pursuant to the IPERS' required rate, the District's Regular members contributed 6.29% of covered payroll and the District contributed 9.44% for a total rate of 15.73%. The District's contributions to IPERS for the year ended June 30, 2019 were \$2,204,042. The District's share of the contributions, payable from the applicable funds of the District, is provided by a statutorily authorized annual levy of taxes without limit or restriction as to rate or amount. The District has always made its full required contributions to IPERS.

At June 30, 2019, the District reported a liability of \$19,098,116 for its proportionate share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7%. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers.

Other Post-Employment Benefits (OPEB)

The District administers a single-employer health 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. The District also contributes to an employer-provided health reimbursement arrangement for contracted employees when they retire. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The following table shows the District’s changes in the total OPEB liability:

Total OPEB Liability Beginning of Year	\$8,618,763
Changes for the year:	
Service Cost.....	770,747
Interest.....	349,662
Changes in Assumptions.....	277,177
Benefit Payments.....	<u>(708,608)</u>
Net Changes.....	<u>688,978</u>
Total OPEB Liability Balance as of June 30, 2019.....	<u>\$9,307,741</u>

See **APPENDIX A – Notes (8) and (9)** herein for further discussion of the District’s employee retirement benefit obligations.

Defined Benefit Pension Plan – Iowa Public Employee’s Retirement System

The District also contributes to the Iowa Public Employees’ Retirement System (“IPERS”). The District’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 District’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 District’s employee retires before normal retirement age, the employee’s monthly retirement benefit will be permanently reduced by an early retirement reduction. IPERS provides pension benefits as well as disability benefits to District employees and benefits to the employees’ beneficiaries upon the death of the eligible employee. Additionally, copies of IPERS annual financial report may be obtained from www.ipers.org. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Although the actuarial contribution rates are calculated each year, the contribution rates were set by state law through June 30, 2012 and did not necessarily coincide with the actuarially calculated contribution rate. As a result, from June 30, 2002 through June 30, 2013, the rate allowed by statute was less than the actuarially required rate. Effective July 1, 2012, as a result of a 2010 law change, IPERS contribution rates for the District 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 futures.

The following table sets forth the contributions made by the District and employees to IPERS for the period indicated.

<u>Fiscal Year</u>	<u>% of Payroll Paid by the District</u>	<u>% of Payroll Paid by Employee</u>
2015.....	8.93%	5.95%
2016.....	8.93%	5.95%
2017.....	8.93%	5.95%
2018.....	8.93%	5.95%
2019.....	9.44%	6.29%

The District 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 District. 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 District 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 fiscal years ended June 30, 2014 through, and including, 2018 (collectively, the “IPERS CAFRs (2014-2018)”), and the actuarial valuation reports provided to IPERS by Cavanaugh MacDonald Consulting, LLC (collectively, the “IPERS Actuarial Reports (2014-2018)”). Additional information regarding IPERS and its latest actuarial valuations can be obtained by contacting IPERS administrative staff.

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]	UAAAL as a Percentage of Covered (Actuarial Value) [(b-a)/[c]]
2014	\$26,460,428,085	\$28,038,549,893	\$32,004,456,088	\$5,544,028,003	82.68%	\$3,965,906,195	87.61%	\$7,099,277,280	78.09%
2015	27,915,379,103	28,429,834,829	33,370,318,731	5,454,939,628	83.65%	4,940,483,902	85.19%	7,326,348,141	74.46%
2016	29,033,696,587	28,326,433,656	34,619,749,147	5,586,052,560	83.86%	6,293,315,491	81.82%	7,556,515,720	73.92%
2017	30,472,423,914	30,779,116,326	37,440,382,029	6,967,958,115	81.39%	6,661,265,703	82.21%	7,863,160,443	88.62%
2018	31,827,755,864	32,314,588,595	38,642,833,653	6,815,077,789	82.36%	6,328,245,058	83.62%	7,983,219,527	85.37%

Source: IPERS Reports.

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

Fiscal Year Ended June 30	Investment Return %
2014	15.88%
2015	3.96%
2016	2.15%
2017	11.70%
2018	7.97%

Source: IPERS Reports

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

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

REGISTRATION, TRANSFER AND EXCHANGE

See also **APPENDIX B - BOOK-ENTRY SYSTEM** for information on registration, transfer and exchange of book-entry bonds. The Bonds will be initially issued as book-entry bonds.

The District shall cause books (the “Bond Register”) for the registration and for the transfer of the Bonds to be kept at the principal office maintained for the purpose by the Bond Registrar in West Des Moines, Iowa. The District will authorize to be prepared, and the Bond Registrar shall keep custody of, multiple bond blanks executed by the District for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Resolution. Upon surrender for transfer or exchange of any Bond at the principal office maintained for the purpose by the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owner’s attorney duly authorized in writing, the District shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the District of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously paid.

The Bond Registrar shall not be required to transfer or exchange any Bond following the close of business on the fifteenth day of the month next preceding an interest payment date on such bond (known as the record date), nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bonds shall be made only to or upon the order of the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the District or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a bond surrendered for redemption.

TAX MATTERS

Tax Exemption

Federal tax law contains a number of requirements and restrictions that apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and facilities financed with Bond proceeds, and certain other matters. The District 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 District's compliance with the above referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Bonds is not an item of tax preference for federal alternative minimum tax purposes.

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-Exempt Obligations

The District will designate the Bonds as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), 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.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Bonds may be less than the amount payable on such Bonds at maturity (“Discount Bonds”). An amount equal to the difference between the initial public offering price of Discount Bonds (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such 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”). An amount equal to the difference between the initial public offering price of Premium Bonds (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes a premium to the initial purchaser of such Premium Bonds. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond 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 herein covered by the opinion 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. 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 District 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 Public Law 115-97, the Tax Cuts and Jobs Act (“TCJA”) was signed into law. The TCJA and other future legislative proposals may prevent owners of the Bonds from realizing the same benefits as under former law with respect to the tax status of interest on the Bonds. Also, the TCJA and other future legislative proposals, or clarification of the Code, may affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the TCJA and other pending or proposed tax legislation, as to which Bond Counsel expresses no opinion except as expressly set forth in its form of legal opinion attached hereto.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Enforcement

Owners 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 Resolution authorizing issuance of the Bonds (the “Bond Resolution”). There is no bond trustee or similar person to monitor or enforce the terms of the Bond Resolution. 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 may have to be enforced year to year.

The obligation to pay general ad valorem property taxes is secured by a statutory lien upon the taxed property, but is not an obligation for which a property owner may be held personally liable in the event of a deficiency. The owners of the Bonds cannot foreclose on property within the boundaries of the District 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 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, and to the exercise of judicial discretion, which may result in delay, in appropriate cases.

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.

Opinion

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 District 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. 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. See **APPENDIX C** for a draft form of legal opinion for the Bonds.

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

CONTINUING DISCLOSURE

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 District 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, as hereinafter described (the "Undertaking"). The information to be provided on an annual basis, and the events as to which notice is to be given, is set forth in "**APPENDIX D – Form of Continuing Disclosure Certificate**". This Undertaking is being made by the District to assist the Underwriter(s) in complying with the Rule.

Breach of the Undertaking 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 Undertaking, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the District to observe the Undertaking may adversely affect the transferability and liquidity of the Bonds and their market price.

Pursuant to the Rule, in the last five years, the District believes it has complied in all material respects with regard to its prior Disclosure Covenants.

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

NO OPTIONAL REDEMPTION

The Bonds are **not** subject to optional redemption prior to maturity.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with respect to the issuance or sale thereof. There is no litigation now pending, or to the knowledge of the District, threatened against the District that is expected to materially impact the financial condition of the District.

LEGAL MATTERS

The Bonds are subject to approval as to certain legal matters by Ahlers & Cooney, P.C., Des Moines, Iowa, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement except for guidance concerning the sections regarding “**TAX MATTERS**”, 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 Official Statement, and will express no opinion with respect thereto. A legal opinion in substantially the form set forth in **APPENDIX C** to this Official Statement will be delivered at closing.

The legal opinion to be delivered concurrently with the delivery of the Bonds expresses the professional judgment of the attorneys rendering the opinion as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

In addition, the enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in the Bond Counsel’s opinion. The opinion will state, in part, that the obligation of the District 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, and to the exercise of judicial discretion in appropriate cases.

OFFICIAL STATEMENT AUTHORIZATION

This Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the District, and all expressions of opinion, whether or not so stated, are intended only as such.

This Official Statement is not to be construed as a contract or agreement amongst the District, the Underwriter, or the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinions contained herein are subject to change without notice and neither the delivery of this Official Statement or the sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. The information contained in this Official Statement is not guaranteed.

INVESTMENT RATING

The District has supplied certain information and material concerning the Bonds and the District to the rating service shown on the cover page, including certain information and materials which may not have been included in this Official Statement, as part of its application for an investment rating on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Bonds. An explanation of the significance of the investment rating may be obtained from the rating agency: S&P Global Ratings, 55 Water Street, New York, New York 10041, telephone 212-438-2000.

UNDERWRITING

The Bonds were offered for sale by the District at a public, competitive sale on January 13, 2020. The best bid submitted at the sale was submitted by _____ (the “Underwriter”). The District awarded the contract for sale of the Bonds to the Underwriter at a price of \$_____ (reflecting the par amount of \$_____, plus a reoffering premium of \$_____, and less an Underwriter’s discount of \$_____). The Underwriter has represented to the District that the Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the Final Official Statement.

MUNICIPAL ADVISOR

The District has engaged Speer Financial, Inc. as municipal advisor (the “Municipal Advisor”) in connection with the issuance and sale of the Bonds. The Municipal Advisor is a Registered Municipal Advisor in accordance with the rules of the MSRB. The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in the Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, nor is the Municipal Advisor obligated by the District’s continuing disclosure undertaking.

CERTIFICATION

We have examined this Official Statement dated December 30, 2019, for the \$2,000,000* School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2020, believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge, information and belief, information in the Official Statement was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/ **MARK FRASHER**
Business Manager
WESTERN DUBUQUE COUNTY
COMMUNITY SCHOOL DISTRICT
Clayton, Delaware, Dubuque, Jackson
and Jones Counties, Iowa

/s/ **JESSICA PAPE**
President, Board of Education
WESTERN DUBUQUE COUNTY
COMMUNITY SCHOOL DISTRICT
Clayton, Delaware, Dubuque, Jackson
and Jones Counties, Iowa

**Subject to change.*

APPENDIX A

GENERAL INFORMATION ABOUT THE DISTRICT

This section is included for informational purposes only. The Bonds are not general obligations of the District but special limited obligations of the District. The Bonds, currently Outstanding Bonds (as defined herein), and any Additional Bonds (as defined herein) which may be issued in the future, are payable only from School Infrastructure Sales, Services and Use tax (the “Tax Revenues”) received by the District under the Act. THE BONDS SHALL NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE DISTRICT OR CHARGE AGAINST ITS GENERAL CREDIT OR GENERAL FUNDS. NEITHER THE FAITH AND CREDIT OF THE DISTRICT, THE COUNTY OR THE STATE OF IOWA NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE STATE OF IOWA OR ANY POLITICAL SUBDIVISION OF THE STATE OF IOWA, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO.

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SOCIOECONOMIC INFORMATION

Employment

Major Area Employers(1)

<u>Location</u>	<u>Name</u>	<u>Business or Product</u>	<u>Approximate Employment</u>
Dubuque	John Deere Dubuque Works	Farm Equipment Manufacturing	2,000
Dubuque	Dubuque Community Schools	Public Education	1,960
Dubuque	Mercy Medical Center	Health Care	1,410
Dubuque	Medical Associates Clinic, P.C.	Health Care	1,060
Dubuque	UnityPoint Health - Finley Hospital	Health Care	975
Dubuque	City of Dubuque	Government	740
Dubuque	Sedgwick	Benefit Administration	725
Dubuque	Cottingham & Butler	Third Party Administrators	650
Dubuque	Dubuque Bank & Trust Company	Financial Services	600
Dubuque	Specialty Publications International, Inc.	Printing	600
Dubuque	Anderson Windows	Window Manufacturing	550
Farley	Western Dubuque County Community Schools	Public Education	550
Dubuque	Medline Industries, Inc.	Health Care Products	480
Dubuque	Holy Family Catholic Schools	Education	475
Peosta	Northeast Iowa Community College	Higher Education	475
Dubuque	Prudential Retirement	Financial Services	455
Dubuque	Diamond Jo Casino	Entertainment	450
Dubuque	University of Dubuque	Higher Education	450
Peosta	Mi-T-M Corporation	Water Machines & Systems	450
Dubuque	Dupaco Community Credit Union	Financial Services	420
Dubuque	Dubuque County	Government	420
Dyersville	Ertl, Inc.	Die Casting	420
Dubuque	Nordstrom	Distribution Center	410
Dubuque	A.Y. McDonald Manufacturing	Water System Supplies	410
Dubuque	Loras College	Higher Education	400
Dubuque	Flexsteel Industries, Inc.	Manufacturing	375

Note: (1) Source: Greater Dubuque Development Corporation, Iowa Manufacturers 2019 Directory and a selected telephone survey.

The annual average unemployment rates for the District are not available. Following shows the annual average unemployment rates for Dubuque County (the “County”), the State and the United States.

Annual Average Unemployment Rates(1)(2)

<u>Calendar Year</u>	<u>The County</u>	<u>The State</u>	<u>United States</u>
2010	5.8%	6.0%	9.6%
2011	5.1%	5.5%	8.9%
2012	4.5%	5.0%	8.1%
2013	4.5%	4.7%	7.4%
2014	4.1%	4.2%	6.2%
2015	3.7%	3.8%	5.3%
2016	3.5%	3.6%	4.9%
2017	3.0%	3.1%	4.4%
2018	2.4%	2.5%	3.9%
2019(3)	1.9%	2.6%	3.6%

Notes: (1) Source: Iowa Workforce Development and U.S. Bureau of Labor Statistics.
 (2) Not seasonally adjusted.
 (3) Preliminary rates for the month of October 2019.

PROPERTY TAX INFORMATION

Actual (100%) Valuations for the District(1)(2)

Property Class	Fiscal Year:	2015/16	2016/17	2017/18	2018/19	2019/20
	Levy Year January 1:	2014	2015	2016	2017	2018
Residential		\$1,126,022,702	\$1,204,188,122	\$1,227,846,505	\$1,354,705,764	\$1,383,954,410
Agricultural		701,834,847	753,984,167	756,205,083	706,930,706	708,001,503
Commercial		190,435,845	175,669,325	187,498,465	206,432,840	218,758,778
Industrial		144,753,445	149,888,471	151,560,012	156,981,822	158,304,978
Multi-Residential(3).....		0	20,311,961	20,364,229	19,493,521	23,632,627
Railroads		5,386,149	5,679,312	5,656,307	5,332,877	4,426,151
Utilities without Gas and Electric.....		17,964,859	16,706,439	16,009,884	15,682,641	17,743,367
Gas and Electric Utilities.....		111,080,744	118,315,799	147,525,678	154,813,323	171,014,745
Less Military Exemption.....		(1,933,488)	(1,876,076)	(1,829,776)	(1,783,476)	(1,716,804)
Total		\$2,295,545,103	\$2,442,867,520	\$2,510,836,387	\$2,618,590,018	\$2,684,119,755
Percent Change +/-.....		4.25%(4)	6.42%	2.78%	4.29%	2.50%

- Notes: (1) Source: Iowa Department of Management.
 (2) Includes tax increment finance (TIF) valuations used in the following amounts:

January 1:	2014	2015	2016	2017	2018
TIF Valuation	\$97,179,322	\$96,158,252	\$82,560,903	\$88,034,400	\$103,836,621

- (3) New Class as of January 1, 2015, previously reported as Commercial Property.
 (4) Based on 2013 Actual Valuation of \$2,202,040,090.

For the January 1, 2018 levy year, the District's Taxable Valuation was comprised of approximately 50% residential, 25% agriculture, 12% commercial, 9% industrial, 3% utilities, 1% multi-residential, and less than 1% railroads and military exemption.

Taxable ("Rollback") Valuations for the District(1)(2)

Property Class	Fiscal Year:	2015/16	2016/17	2017/18	2018/19	2019/20
	Levy Year January 1:	2014	2015	2016	2017	2018
Residential		\$ 627,571,722	\$ 669,840,519	\$ 699,124,724	\$ 753,499,411	\$ 787,719,251
Agricultural		313,734,930	347,637,986	359,194,126	384,909,839	397,418,272
Commercial		171,392,261	158,102,403	168,748,631	185,789,559	196,882,901
Industrial		130,278,102	134,899,624	136,404,012	141,283,641	142,474,482
Multi-Residential(3).....		0	17,519,081	16,800,510	15,351,156	17,724,520
Railroad.....		4,847,534	5,111,383	5,090,884	4,799,591	3,983,537
Utilities without Gas and Electric.....		17,964,859	16,706,439	16,009,884	15,682,641	17,743,367
Gas and Electric Utilities.....		22,940,694	21,710,143	24,017,524	22,955,521	22,164,655
Less: Military Exemption.....		(1,933,488)	(1,876,076)	(1,829,776)	(1,783,476)	(1,716,804)
Total		\$1,286,796,614	\$1,369,651,502	\$1,423,560,313	\$1,522,487,883	\$1,584,394,181
Percent Change +/-.....		3.46%(4)	6.44%	3.94%	6.95%	4.07%

- Notes: (1) Source: Iowa Department of Management.
 (2) Includes tax increment finance (TIF) valuations used in the following amounts:

January 1:	2014	2015	2016	2017	2018
TIF Valuation	\$81,081,097	\$96,158,252	\$82,429,269	\$87,893,588	\$103,138,783

- (3) New Class as of January 1, 2015, previously reported as Commercial Property.
 (4) Based on 2013 Taxable Valuation of \$1,243,753,256.

Actual (100%) Valuations for the District By County(1)

County	Fiscal Year: Levy Year:	2015/16 2014	2016/17 2015	2017/18 2016	2018/19 2017	2019/20 2018
Clayton County		\$ 4,953,043	\$ 5,633,548	\$ 5,723,002	\$ 5,404,359	\$ 5,446,720
Delaware County		249,935,700	270,561,156	277,466,165	273,041,259	283,062,992
Dubuque County		1,858,330,443	1,968,480,989	2,027,937,374	2,144,667,567	2,198,594,116
Jackson County		62,686,892	74,113,468	74,551,553	76,684,702	77,028,104
Jones County		119,639,008	124,078,359	125,158,293	118,792,131	119,987,823
Total Actual Valuation		\$2,295,545,086	\$2,442,867,520	\$2,510,836,387	\$2,618,590,018	\$2,684,119,755
Percent change +/-		4.25%	6.42%	2.78%	4.29%	2.50%

Note: (1) Source: Iowa Department of Management.

Taxable (“Rollback”) Valuations for the District By County(1)

County	Fiscal Year: Levy Year:	2015/16 2014	2016/17 2015	2017/18 2016	2018/19 2017	2019/20 2018
Clayton County		\$ 2,463,721	\$ 2,856,708	\$ 2,979,380	\$ 2,999,135	\$ 3,091,940
Delaware County		139,773,938	153,546,955	161,261,587	167,085,727	175,777,339
Dubuque County		1,053,957,396	1,113,702,778	1,156,462,921	1,244,860,730	1,294,767,204
Jackson County		30,437,254	36,267,113	37,440,460	42,047,994	43,196,900
Jones County		60,164,305	63,277,948	65,415,965	65,494,297	67,560,798
Total Actual Valuation		\$1,286,796,614	\$1,369,651,502	\$1,423,560,313	\$1,522,487,883	\$1,584,394,181
Percent change +/-		3.46%	6.44%	3.94%	6.95%	4.07%

Note: (1) Source: Iowa Department of Management.

The following shows the trend in the District’s tax extensions and collections.

Tax Extensions and Collections(1)

Levy Year	Collection Year	Amount Levied(2)	Amount Collected(3)	Percent Collected
2009	2010-2011	\$12,643,379	\$12,667,188	100.19%
2010	2011-2012	13,171,703	13,176,979	100.04%
2011	2012-2013	13,709,642	13,598,776	100.82%
2012	2013-2014	14,512,651	14,520,022	100.05%
2013	2014-2015	15,147,587	15,168,268	100.14%
2014	2015-2016	15,557,824	15,581,040	100.15%
2015	2016-2017	15,265,740	15,253,968	99.92%
2016	2017-2018	15,346,989	15,366,632	100.13%
2017	2018-2019	16,445,105	16,457,182	100.07%
2018	2019-2020	16,966,276	-- In Collection --	

- Notes: (1) Source: the District.
 (2) Excludes Utility Replacement Tax.
 (3) Includes current and delinquent taxes.

Principal District Taxpayers(1)

County	Taxpayer Name	Business/Service	January 1, 2018 Taxable Valuation(2)
Delaware	Big River United Energy, LLC	Ethanol Production	\$ 29,824,560
Dubuque	Spiegel Family Realty Company LLC	Real Estate	27,296,678
Dubuque	A.J. Spiegel Trust	Industrial	22,893,065
Dubuque	Integrated Marketing Solutions, Inc.	Marketing	10,074,906
Dubuque	ITC Midwest LLC	Utility	8,375,815
Delaware and Dubuque	Northern Natural Gas Company	Utility	6,900,605
Delaware and Dubuque	Interstate Power & Light	Utility	6,152,149
Dubuque	Maryville Family Partnership LP	Real Estate	5,119,655
Dubuque	Western Dubuque Biodiesel LLC	Biodiesel Production	4,978,890
Dubuque	Raymonds Realty of Iowa LLC	Real Estate	4,708,260
Total			\$126,324,583
Ten Largest Taxpayers as Percent of District's 01/01/18 Taxable Value (\$1,584,394,181)			7.97%

- Notes: (1) Source: the Counties.
 (2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked.

The District levies property taxes to support different funds. The General Fund accounts for all sources used to finance District operations and maintenance, except for those required to be accounted for in another fund. The Management Fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements, and the cost of liability insurance as it relates to property and casualty. The Physical Plant and Equipment Levy (the "PPEL") Fund is authorized by Iowa Code Section 298.2 and accounts for transactions related to the improvement of facilities and grounds, construction of schoolhouses, certain equipment expenditures and other expenditures authorized in Iowa Code Section 298.3. There are both non-voted ("Regular") and voted ("Voted") levies available for PPEL. The Public Education and Recreation Levy (the "PERL") Fund is authorized by Iowa Code Section 300.2 and accounts for transactions related to playgrounds and recreational activities within the District. This fund also accounts for community education activity. The District is not authorized to levy the PERL levy. The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs for general obligation bonds authorized by the voters, NOT including the Bonds. Below is a table of the District's current and historic property tax rates.

Property Tax Rates: Levy Years 2014 - 2018(1)
 (Per \$1,000 Actual Valuation)

Fiscal Year: Levy Year:	2015/16 2014	2016/17 2015	2017/18 2016	2018/19 2017	2019/20 2018
Western Dubuque CSD:					
General Operating(2)	\$10.04554	\$ 8.99855	\$ 8.60521	\$ 8.61498	\$ 8.52267
Instructional Support	0.29980	0.25685	0.21463	0.22556	0.12818
Management	0.94964	1.11897	1.06254	1.06254	1.24894
Voted PPEL	1.00000	1.00000	1.00000	1.00000	1.00000
Debt Service	0.72021	0.67261	0.65274	0.63098	0.60563
Total District Rate	\$13.01519	\$12.04698	\$11.53512	\$11.53406	\$11.50542
City of Dyersville	\$ 9.40761	\$ 8.89957	\$ 8.81396	\$ 8.73306	\$ 8.50019
Dubuque County	6.38779	6.29673	6.34143	5.97760	8.50019
Northeast Iowa Community College	0.91036	0.93757	1.09993	1.09993	1.03168
Other(3)	0.66641	0.70443	0.67396	0.65448	0.68587
Total Tax Rate Paid by Dyersville Residents	\$30.38736	\$28.88528	\$28.46440	\$27.99913	\$27.66414

- Notes: (1) Source: Iowa Department of Management.
 (2) The Operating Fund rate is determined in large measure by the State of Iowa education funding.
 (3) Other rates include the County Assessor, County Agricultural Extension Office, and TB and Brucellosis Eradication levies.

District Funds and Revenues

The school foundation formula in Iowa has two sources of revenue: State of Iowa general fund appropriations or state aid, and locally raised property taxes. The District has a mix of property tax revenue and state foundation aid revenues in the General Fund as follows:

The District reports a revenue mix in the general fund as follows:

<u>Fiscal Year</u>	<u>Property Tax Revenues(1)</u>	<u>State Revenues(1)</u>
2016	\$12,497,845	\$15,987,731
2017	11,811,388	16,457,171
2018	11,846,253	17,011,680
2019	12,702,413	16,507,099
2020(2)	12,827,339	17,703,230

- Note: (1) Source: the Iowa Department of Management.
 (2) Payments expected to be received for Fiscal Year 2020.

Supplemental State Aid

Supplemental State Aid (formally known as “Allowable Growth”) is the rate by which State cost per pupil and District cost per pupil will increase from one budget year to the next. The growth rate is required by statute to be set two budget years in advance and is subject to reduction resulting from statewide budget cuts, but in the past five (5) years, the Legislature has failed to set the growth rate two budget years in advance.

<u>Fiscal Year</u>	<u>Supplemental State Aid Rate(1)</u>
2015-16	1.25%
2016-17	2.25%
2017-18	1.11%
2018-19	1.00%
2019-20	2.06%

Note: Source: Iowa Association of School Boards

Shown below are the District’s historic per pupil cost and State Average:

<u>Fiscal Year</u>	<u>District Per Pupil Cost(1)</u>	<u>State Average Per Pupil Cost(1)</u>
2016	\$6,501	\$6,446
2017	6,646	6,591
2018	6,719	6,664
2019	6,786	6,736
2020	6,925	6,880

- Note: (1) Source: the Iowa Department of Management.

APPENDIX B

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
CLAYTON, DELAWARE, DUBUQUE, JACKSON AND JONES COUNTIES, IOWA**

FISCAL YEAR 2019 AUDITED FINANCIAL STATEMENTS

**WESTERN DUBUQUE COUNTY
COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

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

**OFFICIAL ISSUING REPORT
MARK FRASHER, BUSINESS MANAGER
BUSINESS OFFICE**

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

JUNE 30, 2019

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**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

JUNE 30, 2019

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OFFICIALS

Name -----	Title -----	Term Expires -----
Board of Education		
Jessica Pape	President	2019
Chad Vaske	Vice President	2019
John Lembezeder	Board Member	2019
Mark Rea	Board Member	2021
Mark Tilson	Board Member	2021
School Officials		
Rick Colpitts	Superintendent	2019
Mark Frasher	District Treasurer/Business Manager	2019
Jeni Schindler	Board Secretary	2019

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Western Dubuque County Community School District

www.oconnorbrooks.com

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 Western Dubuque County Community School District as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the 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 accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis and the other required supplementary information listed in the table of contents 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 Western Dubuque County Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements with the exception of the two years ended June 30, 2011. For the two years ended June 30, 2011, we expressed an unmodified opinion on the financial statements of the various opinion units of the primary government and we expressed an adverse opinion on the aggregate discretely presented component units due to the omission of the financial data for the District's legally separate component units. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 December 23, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

O'CONNOR, BROOKS & CO., P.C.

O' Connor, Brooks & Co., P.C.

Dubuque, Iowa

December 23, 2019

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This Management Discussion and Analysis contains the following main areas beginning on the pages shown.

<u>Area</u>	<u>Page #</u>
Financial Notes	6
Overview of the Financial Statements	6
Financial Analysis of the District as a Whole	10
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Financial Analysis of the District's Funds	14
Budgetary Highlights	18
Capital Asset and Debt Administration	18
Factors bearing on the District's Future	19
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FINANCIAL NOTES

- The 2018-19 fiscal year was the 2nd year of the District’s renewed five-year Instructional Support Program (ISP). The existing five-year program commencing July 1, 2017 and ending on June 30, 2022 was authorized and approved by the School Board on October 10, 2016.

<u>Receipts:</u>	
Property Tax	\$ 1,528,534
Income Surtax	351,455

	<u>\$ 1,879,989</u>

<u>Expenses:</u>	
Teacher Wages	\$ 1,684,264
Instructional Materials – Private Schools	101,574
Technology – Private Schools	37,177
Athletic Trainer	56,974

	<u>\$ 1,879,989</u>

- The General Fund June 30, 2019 unassigned fund balance increased from \$7,101,116 to \$7,251,813 resulting in a decreased Financial Solvency Ratio of 20.09%.

2013-2014	14.59 %
2014-2015	18.46 %
2015-2016	22.64 %
2016-2017	21.56 %
2017-2018	20.14%
2018-2019	20.09%

The District’s General Fund revenues and expenses are generally in line, despite deficits of over \$1m in the special education and English Language Learners programs in FY19.

OVERVIEW OF THE FINANCIAL STATEMENTS

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 Western Dubuque 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 services were financed in the short term as well as what remains for future spending. Fund financial statements report the District’s operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide information about activities for which the District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

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

Figure A-1 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. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-1				
Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, 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 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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The District has three kinds of funds:

1. ***Governmental funds:*** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional schedules explain the relationship or differences between the two statements.

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 Fund, one type of proprietary fund, is the same as its business type activities, but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

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

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

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position - Figures A-2 and A-3 below provide a summary of the District's revenues, expenses, and net position for the year ended June 30, 2019 compared to 2018 for the governmental and business-type activities.

Figure A-2
Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Total School District		Total Change
	2018	2019	2018	2019	2018	2019	
Current and other assets	48,497,232	51,158,704	1,117,358	1,241,548	49,614,590	52,400,252	5.61%
Capital assets	61,877,825	61,800,007	154,320	150,180	62,032,145	61,950,187	-0.13%
Total assets	110,375,057	112,958,711	1,271,678	1,391,728	111,646,735	114,350,439	2.42%
Deferred outflows of resources	5,873,004	5,556,265	192,083	189,681	6,065,087	5,745,946	-5.26%
Long-term liabilities	65,586,621	64,205,834	1,170,527	1,189,189	66,757,148	65,395,023	-2.04%
Other liabilities	3,513,621	3,774,880	27,365	13,895	3,540,986	3,788,775	7.00%
Total liabilities	69,100,242	67,980,714	1,197,892	1,203,084	70,298,134	69,183,798	-1.59%
Deferred inflows of resources	17,081,324	18,201,303	18,495	37,312	17,099,819	18,238,615	6.66%
Net position:							
Net investment in capital assets	23,587,825	24,825,007	154,320	150,180	23,742,145	24,975,187	5.19%
Restricted	20,312,856	22,050,615	-	-	20,312,856	22,050,615	8.55%
Unrestricted (deficit)	(13,834,186)	(14,542,663)	93,054	190,833	(13,741,132)	(14,351,830)	-4.44%
Total net position	30,066,495	32,332,959	247,374	341,013	30,313,869	32,673,972	7.79%

Net position either is restricted as to the purposes they can be used for or are invested in capital assets (buildings, parking lots and so on.)

Figure A-3
Changes in Net Position from Operating Results

	Governmental Activities			Business Type Activities			Total School District		
	2018	2019	Change	2018	2019	Change	2018	2019	Total Change
Revenues:									
<i>Program Revenues:</i>									
Charges for service and sales	4,144,838	3,928,125	(216,713)	1,254,481	1,247,417	(7,064)	5,399,319	5,175,542	(223,777)
Operating grants and contributions	7,455,986	7,685,440	229,454	901,880	946,735	44,855	8,357,866	8,632,175	274,309
Capital grants and contributions	-	104,807	104,807	-	-	-	-	104,807	104,807
<i>General Revenues:</i>									
Property tax	15,338,558	16,390,161	1,051,603	-	-	-	15,338,558	16,390,161	1,051,603
Instructional support surtax	1,806,940	1,860,681	53,741	-	-	-	1,806,940	1,860,681	53,741
Statewide sales and services tax	2,930,786	3,181,543	250,757	-	-	-	2,930,786	3,181,543	250,757
Unrestricted state grants	12,857,427	12,380,597	(476,830)	-	-	-	12,857,427	12,380,597	(476,830)
Unrestricted investment earnings	441,587	695,263	253,676	13,014	29,080	16,066	454,601	724,343	269,742
Other	877,688	624,982	(252,706)	-	-	-	877,688	624,982	(252,706)
Total Revenues	45,853,810	46,851,599	997,789	2,169,375	2,223,232	53,857	48,023,185	49,074,831	1,051,646
Expenditures:									
Instruction	27,297,147	27,216,602	(80,545)	-	-	-	27,297,147	27,216,602	(80,545)
Support services	13,037,126	13,243,262	206,136	-	-	-	13,037,126	13,243,262	206,136
Non-instructional programs	22,043	40,656	18,613	1,998,804	2,057,493	58,689	2,020,847	2,098,149	77,302
Other expenses	4,253,219	4,123,501	(129,718)	-	-	-	4,253,219	4,123,501	(129,718)
Total Expenditures	44,609,535	44,624,021	14,486	1,998,804	2,057,493	58,689	46,608,339	46,681,514	73,175
Change in Net Position Before Transfers	1,244,275	2,227,578	983,303	170,571	165,739	(4,832)	1,414,846	2,393,317	978,471
Transfers	50,000	38,886	(11,114)	(50,000)	(72,100)	(22,100)	-	(33,214)	(33,214)
Change in Net Position	1,294,275	2,266,464	972,189	120,571	93,639	(26,932)	1,414,846	2,360,103	945,257
Net Position Beginning of Year	28,772,220	30,066,495	1,294,275	126,803	247,374	120,571	28,899,023	30,313,869	1,414,846
Net Position End of Year	30,066,495	32,332,959	2,266,464	247,374	341,013	93,639	30,313,869	32,673,972	2,360,103

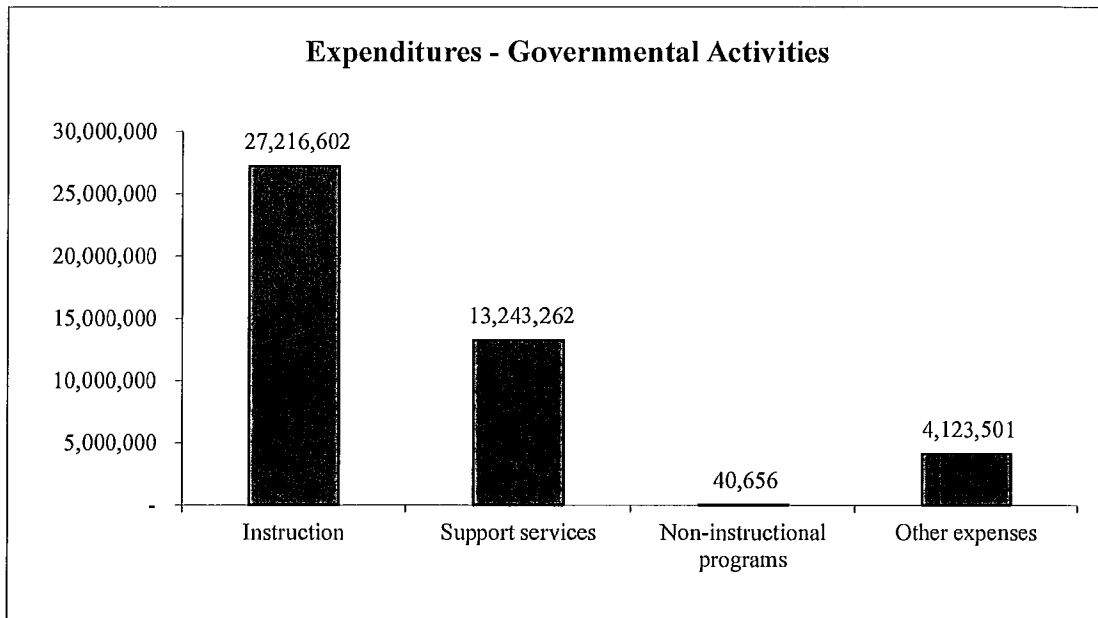
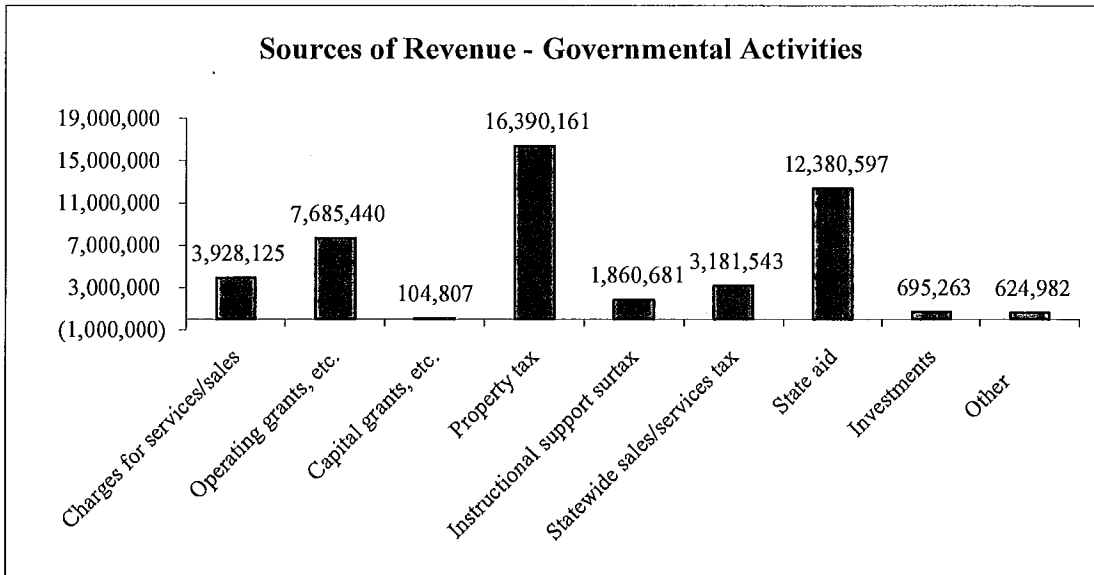
(COMMENTS ON NEXT PAGE)

Governmental Activities

Revenues for governmental activities were \$46,851,599 while total expenses amounted to \$44,624,021.

The District collects revenues from a number of sources other than state aid and property tax to fund its operations. Other significant sources include local grants, student fees, tuition, Activity Fund receipts, State grants, and Federal grants.

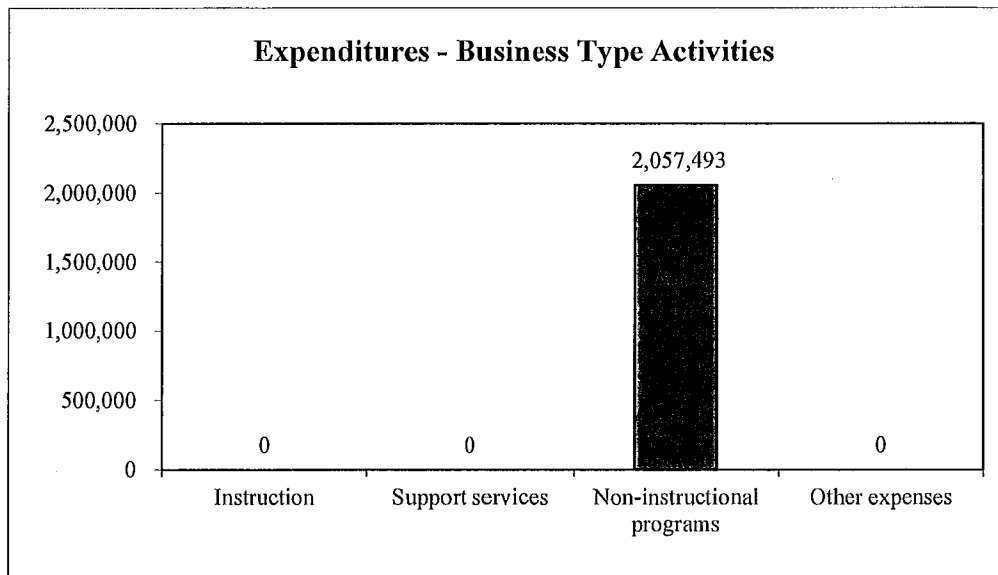
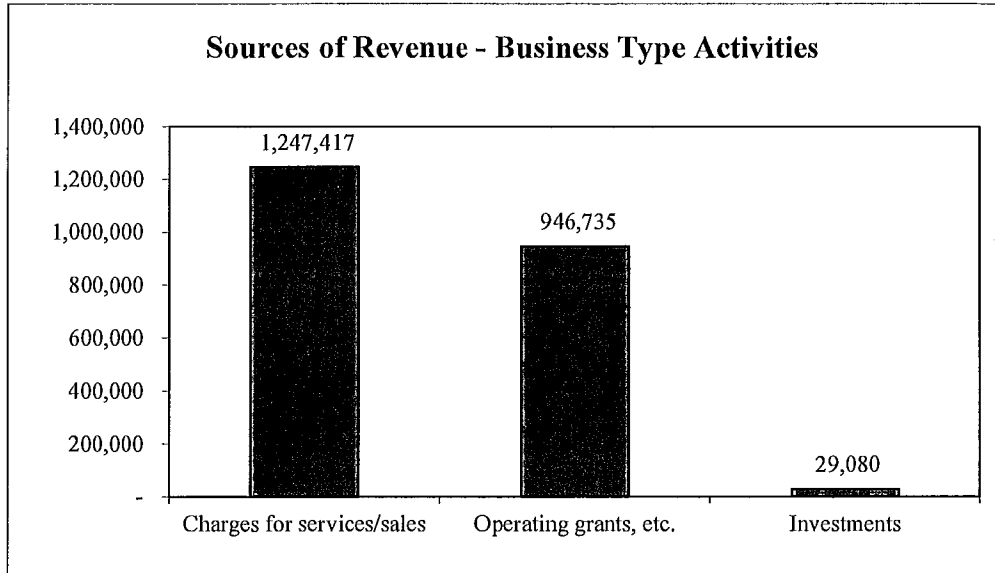
Bar Graph for Figure A-3 – Changes in Net Position from Operating Results



Business-Type Activities

Revenues of the District's business-type activities (School Nutrition Fund) were \$2,223,232 and expenses were \$2,057,493. Revenues of these activities were comprised of a la carte sales, charges for meals, tuition, interest, and federal and state reimbursements.

Bar Graph for Figure A-3 – Changes in Net Position from Operating Results



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Western Dubuque Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund Highlights

- Following are ending fund balances including restricted and unrestricted reserves of the various governmental funds and a discussion concerning the change in balances.

<u>Fund Name</u>	<u>2018 Balance</u>	<u>2019 Balance</u>	<u>Change</u>
General	\$ 8,248,889	\$ 8,006,908	\$ (241,981)
Activity	853,275	764,918	(88,357)
Management	2,227,361	2,828,257	600,896
Capital Projects	6,159,260	6,011,640	(147,620)
Debt Service	9,983,114	11,713,488	1,730,374
	<u>\$ 27,471,899</u>	<u>\$ 29,325,211</u>	<u>\$ 1,853,312</u>

- **General Fund:** The District’s fund balance decreased by \$241,981 in FY19, primarily due to growing special education/ELL deficits at a time when the District had no authority to levy for cash reserve. The cash reserve levy had risen to \$1.5million up through the 2015-2016 school year, which built the fund balance to a healthy level. Iowa Code places a restriction on the amount a district can levy for cash reserve purposes, which is 20% of annual expenditures less the ending fund balance. After significant growth in the fund balance, the District reached that maximum threshold and subsequently reduced the Cash Reserve Levy for the 2016-2017 school year and was eliminated altogether for the 2017-2018 and 2018-2019 school years. It will again be back in place for FY20 to a minimal extent, but not in an amount to fully compensate for special education and ELL deficits.

The Legislature set Supplemental State Aid at 1.0% for 2018-2019, which hit at an inopportune time when certified enrollment was uncharacteristically down for the District. The combination of minimal growth in the Cost Per Pupil figure and 50 fewer students in its resident certified count meant that the District could request the 101% Budget Guarantee allowed in code for the first time in more than a decade, and possibly the first time ever. The Budget Guarantee is a one-year financial safeguard for districts with declining enrollments to grant them the authority to levy property taxes in order to raise their Regular Program Budget by 1% over the prior year, as it would otherwise have declined. For district with regularly declining enrollments, this would buy them time to make the appropriate expenditure reductions.

Western Dubuque is fortunate in the fact that it does not regularly lose students. The district is a very large benefactor of students open-enrolling from surrounding districts, which does not get factored into the Certified Enrollment count but does create additional revenue streams. So at the same time the Budget Guarantee was in place to buffer the budget from the decrease in resident students, the District’s open enrolled-in population grew by 25 students, which generated additional tuition revenue and aided the financial picture further. The District will be back off of the Budget Guarantee for 2019-2020, as the State is giving out 2.06% in Supplemental State Aid, which will mean the Regular Program budget is back to growing at a rate exceeding 1%.

Considering the General Fund Budget was without any cash reserve levy and the State had only given out a 1.0% increase for Supplemental State Aid, the fact that revenues and expenses were only out of line by roughly \$250,000 is a good indicator that things are going relatively well financially.

The District’s special education population and corresponding weighting had been decreasing significantly over the past several years, which when coupled with minimal Supplemental State Aid, have caused the special education revenues to actually flatten/decline while expenses continued to increase. This is not a trend specific to Western Dubuque, as the vast majority of school districts find themselves in a similar situation of growing special education deficits. Special education deficits have a negative impact on the fund balance (cash), but are neutral in respect to Spending Authority. The same can be said for the District’s English Language Learner’s program. The Special Ed enrollment and weighting is slowly increasing, but the program will be solidly in a deficit position barring any significant changes.

- o Budget Authority: Year-end financials reported to the Department of Education reflect revenues and expenses using U.S. generally accepted accounting principles (GAAP). They do not reflect on nor report on the District’s Maximum Budget Authority and Unspent Budget Authority as defined by Iowa Finance Law. Following are definitions of significant terms relating to budget authority.

Maximum Spending Authority – also known as Maximum Authorized Budget (MAB) – the maximum amount authorized under the school funding formula that a district has available for a given budget year. It is a calculation and is the sum of maximum district cost, preschool foundation aid, instructional support authority, education improvement authority, miscellaneous income and prior year unspent spending authority.

Maximum District Cost – also a calculation that is the sum of regular program cost (enrollment multiplied by legislatively authorized cost per student), special education instructional costs, AEA costs and district supplementary weighting - all funded with a mix of state aid and property taxes. It does not include a district’s cash reserve levy.

Miscellaneous Income – revenue which is not part of the combined district cost – for example, state grants, federal funds, student fees and tuition, and interest income. It does not include the cash reserve levy.

Unspent Spending Authority – also known as Unspent Authorized Budget (UAB) – the amount of the maximum spending authority left at the end of the year after deducting the general fund expenditures incurred during the year.

The following table shows the District’s actual UAB for the past three years and a projection for 2019-20 based on budgeted revenues and expenses.

UNSPENT BUDGET AUTHORITY				
Year	2016-17	2017-18	2018-19	2019-20 Est.
Amount	\$7,957,605	\$8,900,593	\$9,861,995	\$9,976,351
Change	\$807,092	\$942,988	\$961,402	\$114,356

The District's Unspent Authority/Budget Authority ratio for 2018-19 was 20.06%. The state average authority ratio for Iowa schools was at 16.7% at the conclusion of the 2017-2018 fiscal year (final figures from 2018-19 are not yet available).

Unspent Balance	\$9,861,995
Divided by Budget Authority	\$47,764,831
Equals Balance/Authority Ratio	20.06%

Stabilizing the Unspent Budget Authority Ratio between 15%-20% is a suitable goal for the District. The District is currently trending towards the upper end of that range, so that will need to be kept in mind when managing future revenues versus expenses. A ratio that is too high could give the perception that not enough of the available resources are being spent as intended.

- **Activity Fund:** Nearly 200 separate fund accounts for the various activity organizations are accounted for in the Activity Fund. Each account group has its own revenue and expense chart of accounts. The fund balance for this fund is adequate.
- **Management Fund:** This fund is used to pay for early retirement benefits, worker's compensation insurance and property/liability insurance. The residual fund balance is needed to pay insurance obligations coming due early in the fiscal year prior to taxes being received. The District secured significantly lower premiums for the worker's compensation/property/liability insurance the prior two years, which greatly improved the fund balance.
- **Capital Projects Fund:** The Capital Projects Fund consists of two accounts, The Statewide Sales, Services and Use Tax account and the Physical Plant and Equipment Levy (PPEL) account.

<u>Accounts</u>	<u>2017-18 Fund Balance</u>	<u>2018-19 Fund Balance</u>
Statewide Sales, Services and Use Tax	\$4,528,724	\$4,292,456
PPEL	\$1,630,536	\$1,719,184

1. Physical Plant and Equipment Levy Account – 2018-19 was the seventh year of the 10-year voter-approved \$1.00 PPEL Levy. Previously, the PPEL Levy was set at the Board-Approved rate of \$0.33.

Primary Uses for the account are as follows:

1. School buses
2. Other school vehicles
3. Buildings and Grounds projects
4. Equipment purchases
5. Large repair items
6. Technology purchases

Passage of the \$1.00/\$1,000 levy has allowed the District to pay for the purchase of school buses and computer hardware from the account versus using the General Fund Instructional Support Program. Annual bus purchases normally total over \$400,000. In both the short term and long term, this shifting of allowable expenses to the PPEL

account results in a significant improvement to the District's General Fund year-end fund balance. The increased PPEL Levy has also afforded the District to do a much better job of maintaining buildings/grounds and to take on smaller renovation projects that simply would not be completed without it.

2. Statewide Sales, Services and Use Tax Account (a.k.a. Secure an Advanced Vision for Education) – The \$4,292,456 balance in this account is available to the District for construction projects and other uses allowed by Iowa Code. However, about \$600,000 of the fund balance must be held in reserve until the Series 2016 tax revenue bonds are retired.

Of the roughly \$3 million in annual sales tax revenue, over \$2 million is committed annually to retire three separate bond issues, with another \$400,000 transferred to the Debt Service Fund to keep the Debt Service Levy at a reduced rate. With the residual balance, the District is currently constructing classroom additions to Dyersville Elementary, Epworth Elementary and renovating the front entrance at Farley Elementary for increased security. The Dyersville QBonds will be paid in full after FY20, which will free up over \$1,000,000 annually in the SAVE Fund.

The District is also in the planning stages of selling approximately \$2m in SAVE Bonds to construct 6 additional classrooms at Peosta Elementary in 2020.

The Legislature extended the SAVE dollars this past session, which was welcomed news for all public K-12 schools in the state. Originally due to sunset in 2029, these dollars will now be in place until January 1, 2051. This will allow districts to issue longer-term bonds against this revenue stream for larger projects, as the borrowing window was shrinking on the original 2029 sunset and schools were starting to revert back to issuing General Obligation property tax bonds for construction projects.

- **Debt Service Fund:** \$11,457,010 of the total \$11,713,488 fund balance is comprised of the sinking fund balances for both the Dyersville and Drexler Middle School QBond issuances. The Dyersville QBonds will be retired on June 1, 2020. The residual fund balance of \$256,478 will eventually be applied to retire outstanding GO Bonds.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from \$247,374 on June 30, 2018 to \$341,013 on June 30, 2019. Expenditures in the fund exceeded revenues by \$93,639. However, \$72,000 of the total expense was paid to the General Fund to recover indirect costs such as utilities and custodial services. The School Nutrition Fund continues to operate without any subsidies from the District's General Fund and is in very good condition financially. Unfortunately, with accounting changes imposed by GASB, it is very difficult to see exactly how well the fund is doing just by simply looking at raw totals. The cash position was well over a million dollars as of June 30, 2019 and the District has been able to avoid increasing student lunch prices for several years as a result of the strong financial position.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and a hearing for all funds, except its private-purpose trust funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis. Over the course of the year, the District amended its annual operating budget to reflect additional expenditures. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

The District amended the Instruction and Other functional areas of the 2018-2019 budget to reflect expected increases in expenses.

Function	Original	Amended	Actual
Instruction	\$ 27,429,556	\$ 27,429,556	\$ 26,620,343
Support Services	13,061,696	13,061,696	12,886,022
Non-instructional	2,120,743	2,147,735	2,094,128
Other	4,579,064	5,753,299	5,522,540

Amending the budget does not provide additional resources. Expenses above the initial certified budgeted amounts are funded by existing cash balances and do not result in an increased tax levy.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The following table shows the District's capital assets, net of accumulated depreciation.

	Governmental		Business Type		Total		Total Change
	Activities		Activities		School District		
	2018	2019	2018	2019	2018	2019	
Land	991,718	1,414,718	-	-	991,718	1,414,718	423,000
Construction in progress	82,768	997,173	-	-	82,768	997,173	914,405
Buildings	55,199,860	53,935,453	-	-	55,199,860	53,935,453	(1,264,407)
Improvements	1,306,972	1,340,216	-	-	1,306,972	1,340,216	33,244
Furnishings & Equipment	4,296,507	4,112,447	154,320	150,180	4,450,827	4,262,627	(188,200)
Total Capital Assets	61,877,825	61,800,007	154,320	150,180	62,032,145	61,950,187	(81,958)

The large increase in Construction in Progress during FY19 was due to the start of the addition/renovation projects at the Dyersville, Epworth and Farley elementary buildings. The projects should be substantially completed by the middle of FY20.

Long-Term Debt

On June 30, 2019, the District had total long-term debt obligations of \$36,975,000. The following summary schedule shows totals in the different classes of the long-term debt obligations.

	<u>6/30/2019</u>	<u>6/30/2018</u>
General Obligation Bonds	15,340,000	16,210,000
Revenue Bonds	5,135,000	5,580,000
Qualified School Construction Bonds	16,500,000	16,500,000
	<u>36,975,000</u>	<u>38,290,000</u>

<u>Name</u>	<u>Amount</u>	<u>Retirement Date</u>
GO Bonds, Series 2012	\$ 14,370,000	6/1/2032
GO Bonds, Series 2010	970,000	6/1/2021
Revenue Bonds, Series 2016	5,135,000	6/1/2029
QSC Bonds, Series 2009	8,500,000	6/1/2026
QSC Bonds, Series 2010A	8,000,000	6/1/2020
	<u>\$ 36,975,000</u>	

FACTORS BEARING ON THE DISTRICT'S FUTURE

Following are several factors that could have a significant effect on the District's General Fund financial condition.

- District Enrollment: The District's certified resident count increased by 36 students in October 2019, which will positively impact the 2020-21 budget year.

October 2019	3,129.6
October 2018	3,093.7
October 2017	3,099.0
October 2016	3,149.0
October 2015	3,050.7
October 2014	2,991.3
October 2013	2,949.7

The District's prior-year enrollment multiplied by the state-set cost-per-pupil is the primary revenue driver for the District's General Fund budget. Consequently, the trend of increasing enrollment has been a major factor in the district's ability to improve its financial health at a time when the State of Iowa has pulled back on funding. Other Iowa school districts experiencing enrollment decline have felt the 1-2 financial punch when coupled with minimal funding increases, so Western Dubuque has been very fortunate in that regard.

Certified Enrollment projections published by the Department of Education are predicting fairly significant enrollment increases in the coming years. However, the certified count only takes into consideration resident students and ignores the fact that the number of non-resident students attending the District continues to increase fairly significantly. The BEDS enrollment figure, which accounts for all students educated by the District and is a more accurate depiction of true enrollment, went up by 36 students in 2019. 5-year BEDS Enrollment projections generated by RPS & Associates in February 2017 do factor in open

enrollment, and predict an enrollment increase of over 150 students by the October 2021 count date.

The District had 273 open enrolled-in students and only 65 open enrolled-out students in October 2018. Each open enrolled student generated \$6,664 in tuition revenue or expense in the 2018-19 school year. A significant change in the enrollment of these two groups would have a significant impact on revenues and expenses. Open enrolled-in totals have increased by nearly 150% over the past 10 years, which means this relatively small population of students is driving much of the overall enrollment growth. Conversely, resident students choosing to utilize open enrollment to attend other districts has been fairly steady over this timeframe and significantly lower than the number the District takes in.

One factor related to open enrollment that gets little discussion is the fact that not all money generated by the resident district follows the students. For example, students that open enroll IN to the district do not bring with them the nearly \$1,000 in annual Sales Tax dollars that they generate for their resident district. Nor do they bring many of the State Categorical dollars they generate. When open enrollment growth is the primary driver of overall district enrollment growth, these non-resident students can also create the need for the construction of additional classrooms. Sales Tax dollars are the preferred source of revenue to fund construction projects, so it presents the situation whereby the students that do not generate Sales Tax revenues for the district are creating the demand for use of said Sales Tax dollars.

- State Aid: The State of Iowa is finding itself in a difficult financial situation, as they have intentionally taken on a larger share of the school funding formula, while at the same time promising to backfill the property taxes to schools/cities lost due to their reduction of the rollback rate for Commercial and Industrial properties. The Legislature passed a Supplemental State Aid amount of 1.0% for FY19.

For 2019-20, the Legislature passed a 2.06% increase for Iowa public schools, which was again much less than needed, but more than they have granted in several years. The days of expecting the State to grant 3-4% increases appear to have passed by.

There has also been a shift by the State away from supporting regular programming of public schools in lieu of offering more money in the form of Categorical funding, like the Teacher Leadership System. Categorical funds can only be spent for a specific purpose, and do not finance the general operation of the school districts. If Categorical dollars are not used for their legal purposes, the District must reserve the balances on the balance sheet for future allowable uses. So while the Legislature views the funding of these new programs as “new money” given to schools, the lack of flexibility in using those dollars is of little benefit when the cost of normal operations continues to outpace the SSA rate every single year.

- Unspent Authorized Budget: The Unspent Authorized Budget is the single most important financial indicator for school districts in Iowa, as a negative UAB is the only reason a school can be closed by the Department of Education. And whereas the District’s growing deficit in the special education and ELL programs hurt the balance sheet, districts have the ability to recoup their deficits when it comes to Spending Authority. The dollars generated by the 101% Budget Guarantee for 2018-19 and the ability to recoup the special education/ELL deficits helped to increase the District’s UAB by over \$900,000 even though revenues were less than expenses in FY19. Maintaining a reasonable balance allows the District to absorb unexpected budget issues (revenues and expenses) without making immediate changes in

programming costs. Maintaining a healthy balance is necessary to ensure continuation and consistency of existing programs and future planning.

- Wages and benefits: By far the most significant expenditure category of the District's operation costs are the wages and benefits of its employees. Wage and benefit settlements, with any employee group, exceeding the rate of growth of state funding will have an adverse impact on the District's General Fund Budget. The Legislature dramatically changed the landscape of the collective bargaining process by narrowing the list of topics that management can/must negotiate with staff. "Base Wages" is now the only mandatory topic of bargaining, all other topics becoming either "Permissive" or even "Illegal" to bargain. This action taken by the Legislature would appear to be a concession to school districts during a time when granting additional funding isn't in the State budget. Schools can use this new flexibility to better manage expense levels, as the formula for revenue generation is out of districts' control.
- Instructional Support Program: On October 10, 2016 the Western Dubuque Schools Board of Education approved a new five-year Instructional Support Program. The program began July 1, 2017 and ends June 30, 2022. Nearly \$1.9 million in property taxes and income surtax was received in fiscal year 2019 from the ISL. The program provides an ongoing revenue source to fund teacher wages for the District and textbook/technology services to the private schools. Continuation of this program is critical.
- Transportation: Transportation expenses continue to be a significant cost of education. Western Dubuque Schools is the largest geographic school district in Iowa. The Iowa school funding formula does not provide for any additional funds for public school transportation costs, which disproportionately affects the District's budget more than other districts with more manageable transportation requirements. The District's reimbursement for transporting non-public students was \$118,150 less than requested due to the ongoing shortfall of state funding for the program. The Legislature did make permanent starting in FY20 the "Transportation Equity" bill that was first implemented in FY19 initially as a 1-year bill to remedy the inequities transportation costs impose on districts. The District received slightly over \$200,000 in 2018-19, and will receive \$447,000 in 2019-2020. Solidifying the Transportation Equity dollars for the foreseeable future was obviously a major win specifically for Western Dubuque, the largest geographic district in the state of Iowa.
- Operation of two high schools: The added costs of operating two high school programs in a District the size of Western Dubuque is significant. Duplication of high school programming/activities leads to many inefficiencies. Based strictly on enrollment, the number of high school students in the District does not warrant operation of more than one high school. Enrollment at Western Dubuque High School continues to grow. However, enrollment at Cascade Jr/Sr high continues to decline, making the inefficiencies of running a second high-quality high school with only 50-60 students per grade more pronounced.

Also hindering the District is the actual demographic makeup of its enrollment. With several successful parochial elementary systems located within the District, elementary enrollment is held artificially lower than that of the high school enrollment. The Iowa funding formula does not provide additional funding for high school students versus elementary students, so the District receives the same funding for relatively inexpensive elementary students compared to high school students, who require more expensive

programming and activities. Ideally a district would have a more balanced ratio of elementary students to high school students than it currently has.

- **Financial Solvency Ratio:** One measure of a school district’s financial health in its General Fund is the Financial Solvency Ratio. The ratio is used by lending institutions to determine a district’s ability meet its financial obligations, a function of their fund balance. Currently the Iowa Schools Cash Anticipation Program sponsored by the Iowa Association of School Boards uses the ratio when evaluating credit ratings of school districts. The ratio is determined as follows:

$$\frac{\text{Unreserved Fund Balance}}{\text{(Total Receipts – AEA Support)}}$$

Following is the Financial Solvency Ratio for the Western Dubuque District for the past five years.

2014-2015	18.46%	<u>Grading:</u> > 10% Good 5% to 10% Acceptable -0% to 5% Concern
2015-2016	22.64%	
2016-2017	21.56%	
2017-2018	20.14%	
2018-2019	20.09%	

- **Special Education/ELL Deficits:** School districts in the state of Iowa are legally bound to educate all students, and receive a fixed amount of funding for each student. Students on an Individualized Education Program (IEP) or considered an English Language Learner generate additional revenues to help offset the added cost of educating these students. The additional revenues generated only adequately cover the related expenses for 11% of all Iowa school districts. That means that 89% of the 330 school districts in Iowa have financial deficits in their special education programs. Western Dubuque is included in that majority figure.

As previously discussed, districts have the ability to request additional Spending Authority (not cash) to cover these deficits, as the State recognizes that schools have no ability to increase revenues while at the same time having no ability to refuse the support legally required by the student’s IEP. From a Spending Authority perspective, districts are made financially whole. Schools may then choose to levy property taxes to actually fund the spending authority recovered by having program deficits. While it is a great benefit to be able to recover spending authority, the demand on cash and the subsequent increases in property taxes to backfill the deficits is noteworthy.

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 Mark Frasher, Business Manager, Western Dubuque County Community School District, 310 4th Street SW, Farley, Iowa 52046.

BASIC FINANCIAL STATEMENTS

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities	Business Type Activities	Total
	-----	-----	-----
Assets			
Cash, cash equivalents and pooled investments	\$ 19,548,718	\$ 1,275,951	\$ 20,824,669
Receivables:			
Property tax:			
Delinquent	51,338	---	51,338
Succeeding year	17,221,289	---	17,221,289
Income surtax	1,395,013	---	1,395,013
Accounts	47,074	---	47,074
Due from other governments	1,313,677	11,904	1,325,581
Due from other funds	90,192	(90,192)	---
Prepaid expenses	34,393	661	35,054
Inventories	---	43,224	43,224
Capital assets, net of accumulated depreciation	61,800,007	150,180	61,950,187
Restricted assets:			
Cash held in escrow	11,457,010	---	11,457,010
Total Assets	\$ 112,958,711	\$ 1,391,728	\$ 114,350,439
	-----	-----	-----
Deferred Outflows of Resources			
Deferred amounts on refunding	\$ 35,975	\$ ---	\$ 35,975
Pension related amounts	5,282,177	174,396	5,456,573
OPEB related amounts	238,113	15,285	253,398
Total Deferred Outflows of Resources	\$ 5,556,265	\$ 189,681	\$ 5,745,946
	-----	-----	-----
Liabilities			
Accounts payable	\$ 829,529	\$ 4,319	\$ 833,848
Salaries and benefits payable	2,900,404	9,576	2,909,980
Accrued interest payable	44,947	---	44,947
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	895,000	---	895,000
Revenue bonds	455,000	---	455,000
Portion due after one year:			
General obligation bonds	14,445,000	---	14,445,000
Revenue bonds	4,680,000	---	4,680,000
Qualified School Construction Bonds	5,042,990	---	5,042,990
Payable from restricted assets:			
Qualified School Construction Bonds	11,457,010	---	11,457,010
Net pension liability	18,470,385	627,731	19,098,116
Total OPEB liability	8,746,283	561,458	9,307,741
Unamortized bond premium	73,101	---	73,101
Unamortized bond discount	(58,935)	---	(58,935)
Total Liabilities	\$ 67,980,714	\$ 1,203,084	\$ 69,183,798
	-----	-----	-----

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities -----	Business Type Activities -----	Total -----
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 17,221,289	\$ ---	\$ 17,221,289
Pension related amounts	824,377	27,321	851,698
OPEB related amounts	155,637	9,991	165,628
	-----	-----	-----
Total Deferred Inflows of Resources	\$ 18,201,303	\$ 37,312	\$ 18,238,615
	-----	-----	-----
Net Position			
Net investment in capital assets	\$ 24,825,007	\$ 150,180	\$ 24,975,187
Restricted for:			
Categorical funding	732,312	---	732,312
Management levy purposes	2,828,257	---	2,828,257
Physical plant and equipment	1,719,184	---	1,719,184
Student activities	764,918	---	764,918
School infrastructure	3,649,281	---	3,649,281
Debt service	12,356,663	---	12,356,663
Unrestricted	(14,542,663)	190,833	(14,351,830)
	-----	-----	-----
Total Net Position	\$ 32,332,959	\$ 341,013	\$ 32,673,972
	=====	=====	=====

See notes to financial statements.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
 FARLEY, IOWA

STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2019

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Functions/Programs							
Governmental Activities:							
Instruction:							
Regular	\$ 14,912,887	\$ 2,105,094	\$ 4,376,151	\$ ---	\$ (8,431,642)	\$ ---	\$ (8,431,642)
Special	5,474,700	433,736	1,127,850	---	(3,913,114)	---	(3,913,114)
Other	6,829,015	1,270,784	31,717	---	(5,526,514)	---	(5,526,514)
Total Instruction	\$ 27,216,602	\$ 3,809,614	\$ 5,535,718	\$ ---	\$(17,871,270)	\$ ---	\$(17,871,270)
Support Services:							
Student	\$ 1,333,080	\$ ---	\$ ---	\$ ---	\$ (1,333,080)	\$ ---	\$ (1,333,080)
Instructional staff	2,169,578	---	---	---	(2,169,578)	---	(2,169,578)
Administration	4,035,173	---	---	---	(4,035,173)	---	(4,035,173)
Operation and maintenance of plant	3,122,746	9,426	---	---	(3,113,320)	---	(3,113,320)
Transportation	2,582,685	109,085	583,001	---	(1,890,599)	---	(1,890,599)
Total Support Services	\$ 13,243,262	\$ 118,511	\$ 583,001	\$ ---	\$(12,541,750)	\$ ---	\$(12,541,750)
Non-instructional Programs	\$ 40,656	\$ ---	\$ ---	\$ ---	\$ (40,656)	\$ ---	\$ (40,656)

See notes to financial statements.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Functions/Programs (Continued)							
Governmental Activities: (Continued)							
Other Expenditures:							
Facilities acquisition	\$ 215,321	\$ ---	\$ ---	\$ 104,807	\$ (110,514)	\$ ---	\$ (110,514)
Long-term debt interest	619,600	---	---	---	(619,600)	---	(619,600)
AEA flowthrough	1,566,721	---	1,566,721	---	---	---	---
Depreciation (unallocated)*	1,721,859	---	---	---	(1,721,859)	---	(1,721,859)
Total Other Expenditures	\$ 4,123,501	\$ ---	\$ 1,566,721	\$ 104,807	\$ (2,451,973)	\$ ---	\$ (2,451,973)
Total Governmental Activities	\$ 44,624,021	\$ 3,928,125	\$ 7,685,440	\$ 104,807	\$ (32,905,649)	\$ ---	\$ (32,905,649)
Business Type Activities:							
Non-instructional programs:							
Food service operations	\$ 2,057,493	\$ 1,247,417	\$ 946,735	\$ ---	\$ ---	\$ 136,659	\$ 136,659
Total Business Type Activities	\$ 2,057,493	\$ 1,247,417	\$ 946,735	\$ ---	\$ ---	\$ 136,659	\$ 136,659
Total	\$ 46,681,514	\$ 5,175,542	\$ 8,632,175	\$ 104,807	\$ (32,905,649)	\$ 136,659	\$ (32,768,990)

* This amount excludes the depreciation included in the direct expenses of the various programs.
See notes to financial statements.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
 FARLEY, IOWA

STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2019

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
General Revenues:						
Property tax levied for:						
General purposes				\$ 13,903,126	\$ ---	\$ 13,903,126
Debt service				962,164	---	962,164
Capital outlay				1,524,871	---	1,524,871
Instructional support surtax				1,860,681	---	1,860,681
Statewide sales, services, and use tax				3,181,543	---	3,181,543
Unrestricted state grants				12,380,597	---	12,380,597
Unrestricted investment earnings				695,263	29,080	724,343
Other				624,982	---	624,982
Transfers				38,886	(72,100)	(33,214)
Total General Revenues				\$ 35,172,113	\$ (43,020)	\$ 35,129,093
Change in Net Position				\$ 2,266,464	\$ 93,639	\$ 2,360,103
Net Position Beginning of Year				30,066,495	247,374	30,313,869
Net Position End of Year				\$ 32,332,959	\$ 341,013	\$ 32,673,972

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets	-----	-----	-----	-----	-----
Cash, cash equivalents and pooled investments	\$ 10,070,710	\$ 6,090,929	\$ 253,465	\$ 3,133,614	\$ 19,548,718
Receivables:					
Property tax:					
Delinquent	38,886	4,776	3,013	4,663	51,338
Succeeding year	12,827,339	1,584,394	959,557	1,849,999	17,221,289
Income surtax	1,395,013	---	---	---	1,395,013
Accounts	19,356	25,690	---	2,028	47,074
Due from other funds	90,192	---	---	---	90,192
Due from other governments	1,060,401	252,276	---	1,000	1,313,677
Prepaid expenses	22,783	---	---	524,352	547,135
Restricted assets - cash held in escrow	---	---	11,457,010	---	11,457,010
Total Assets	<u>\$ 25,524,680</u>	<u>\$ 7,958,065</u>	<u>\$12,673,045</u>	<u>\$ 5,515,656</u>	<u>\$ 51,671,446</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 395,016	\$ 362,031	\$ ---	\$ 72,482	\$ 829,529
Salaries and benefits payable	2,900,404	---	---	---	2,900,404
Total Liabilities	<u>\$ 3,295,420</u>	<u>\$ 362,031</u>	<u>\$ ---</u>	<u>\$ 72,482</u>	<u>\$ 3,729,933</u>
Deferred Inflows of Resources					
Unavailable revenues:					
Succeeding year property tax	\$ 12,827,339	\$ 1,584,394	\$ 959,557	\$ 1,849,999	\$ 17,221,289
Income surtax	1,395,013	---	---	---	1,395,013
Total Deferred Inflows of Resources	<u>\$ 14,222,352</u>	<u>\$ 1,584,394</u>	<u>\$ 959,557</u>	<u>\$ 1,849,999</u>	<u>\$ 18,616,302</u>
Fund Balances:					
Nonspendable:					
Prepaid expenditures	\$ 22,783	\$ ---	\$ ---	\$ 524,352	\$ 547,135
Restricted for:					
Categorical funding	732,312	---	---	---	732,312
Debt service	---	643,175	11,713,488	---	12,356,663
Management levy purposes	---	---	---	2,303,905	2,303,905
Student activities	---	---	---	764,918	764,918
School infrastructure	---	3,649,281	---	---	3,649,281
Physical plant and equipment	---	1,719,184	---	---	1,719,184
Unassigned	7,251,813	---	---	---	7,251,813
Total Fund Balances	<u>\$ 8,006,908</u>	<u>\$ 6,011,640</u>	<u>\$11,713,488</u>	<u>\$ 3,593,175</u>	<u>\$ 29,325,211</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 25,524,680</u>	<u>\$ 7,958,065</u>	<u>\$12,673,045</u>	<u>\$ 5,515,656</u>	<u>\$ 51,671,446</u>

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Total Fund Balances of Governmental Funds	\$ 29,325,211
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	61,800,007
Other long-term assets are not available to pay current period expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	1,395,013
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.	(44,947)
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.	4,540,276
Long-term liabilities, including bonds and notes payable, net pension liability and total OPEB liability, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds. Other related amounts include unamortized bond discount and deferred amount on refunding bonds.	<div style="text-align: right;"> - (64,682,601) </div>
Net Position of Governmental Activities	<div style="text-align: right;"> ----- \$ 32,332,959 ===== </div>

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	General	Capital Projects	Debt Service	Nonmajor	Total
	-----	-----	-----	-----	-----
Revenues					
Local sources:					
Local tax	\$ 14,244,392	\$ 1,524,871	\$ 962,164	\$ 1,525,906	\$ 18,257,333
Tuition	2,201,914	---	---	---	2,201,914
Other	811,433	298,027	203,252	1,417,943	2,730,655
State sources	19,108,746	3,214,818	20,996	32,828	22,377,388
Federal sources	1,197,244	---	---	---	1,197,244
	-----	-----	-----	-----	-----
Total Revenues	\$ 37,563,729	\$ 5,037,716	\$ 1,186,412	\$ 2,976,677	\$ 46,764,534
	-----	-----	-----	-----	-----
Expenditures					
Current:					
Instruction:					
Regular	\$ 14,176,272	\$ 74,362	\$ ---	\$ 230,377	\$ 14,481,011
Special	5,128,547	---	---	163,745	5,292,292
Other	5,491,598	114	---	1,355,328	6,847,040
	-----	-----	-----	-----	-----
Total Instruction	\$ 24,796,417	\$ 74,476	\$ ---	\$ 1,749,450	\$ 26,620,343
	-----	-----	-----	-----	-----
Support Services:					
Student	\$ 1,274,004	\$ ---	\$ ---	\$ 26,976	\$ 1,300,980
Instructional staff	2,038,534	73,116	---	4,526	2,116,176
Administration	3,730,560	62,475	---	161,588	3,954,623
Operation and maintenance of plant	2,751,595	77,537	---	289,659	3,118,791
Transportation	1,745,006	488,356	---	162,090	2,395,452
	-----	-----	-----	-----	-----
Total Support Services	\$ 11,539,699	\$ 701,484	\$ ---	\$ 644,839	\$ 12,886,022
	-----	-----	-----	-----	-----
Non-instructional Programs	\$ ---	\$ ---	\$ ---	\$ 36,635	\$ 36,635
	-----	-----	-----	-----	-----

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	General	Capital Projects	Debt Service	Nonmajor	Total
	-----	-----	-----	-----	-----
Expenditures (Continued)					
Other Expenditures:					
Facilities acquisition	\$ ---	\$ 2,036,909	\$ ---	\$ ---	\$ 2,036,909
Long-term debt:					
Principal	---	---	1,315,000	---	1,315,000
Interest and fiscal charges	---	---	603,910	---	603,910
AEA flowthrough	1,566,721	---	---	---	1,566,721
	-----	-----	-----	-----	-----
Total Other Expenditures	\$ 1,566,721	\$ 2,036,909	\$ 1,918,910	\$ ---	\$ 5,522,540
	-----	-----	-----	-----	-----
Total Expenditures	\$ 37,902,837	\$ 2,812,869	\$ 1,918,910	\$ 2,430,924	\$ 45,065,540
	-----	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (339,108)	\$ 2,224,847	\$ (732,498)	\$ 545,753	\$ 1,698,994
	-----	-----	-----	-----	-----
Other Financing Sources (Uses)					
Compensation for loss of fixed assets	\$ 13,960	\$ 49,205	\$ ---	\$ ---	\$ 63,165
Sale of equipment and materials	11,067	41,200	---	---	52,267
Operating transfers in	72,100	---	2,462,872	---	2,534,972
Operating transfers out	---	(2,462,872)	---	(33,214)	(2,496,086)
	-----	-----	-----	-----	-----
Total Other Financing Sources (Uses)	\$ 97,127	\$ (2,372,467)	\$ 2,462,872	\$ (33,214)	\$ 154,318
	-----	-----	-----	-----	-----
Change in Fund Balances	\$ (241,981)	\$ (147,620)	\$ 1,730,374	\$ 512,539	\$ 1,853,312
	-----	-----	-----	-----	-----
Fund Balances Beginning of Year	8,248,889	6,159,260	9,983,114	3,080,636	27,471,899
	-----	-----	-----	-----	-----
Fund Balances End of Year	\$ 8,006,908	\$ 6,011,640	\$ 11,713,488	\$ 3,593,175	\$ 29,325,211
	=====	=====	=====	=====	=====

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Change in Fund Balances - Total Governmental Funds	\$ 1,853,312
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$2,515,159 exceeded capital outlays of \$2,467,617 in the current period.	(47,542)
In the Statement of Activities, gain or loss on the sale or disposition of assets is reported, whereas in the governmental funds, the proceeds from the sale or disposition increase financial resources. The change in net position differs from the change in fund balance by the cost of the assets sold or disposed of (\$567,556), net of related accumulated depreciation of \$537,280.	(30,276)
Income surtaxes and other revenues not collected for several months after year end are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds.	(6,491)
Payment of long-term liabilities is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position.	1,315,000
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	(18,464)
Interest on long term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	2,774
The current year District IPERS contributions are reported as expenditures in the governmental funds, but are reported at a deferred outflow of resources in the Statement of Net Position.	2,135,694
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. This includes pension and OPEB expense.	(2,937,543)
Change in Net Position of Governmental Activities	\$ 2,266,464

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019**

	School Nutrition
Assets	-----
Current Assets:	
Cash, cash equivalents and pooled investments	\$ 1,275,951
Due from other governments	11,904
Prepaid expenses	661
Inventories	43,224

Total Current Assets	\$ 1,331,740
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	150,180

Total Assets	\$ 1,481,920

Deferred Outflows of Resources	
Pension related amounts	\$ 174,396
OPEB related amounts	15,285

Total Deferred Outflows of Resources	\$ 189,681

Liabilities	
Current Liabilities:	
Accounts payable	\$ 4,319
Salaries and benefits payable	9,576
Due to other funds	90,192

Total Current Liabilities	\$ 104,087
Noncurrent Liabilities:	
Net pension liability	\$ 627,731
Total OPEB liability	561,458

Total Noncurrent Liabilities	\$ 1,189,189

Total Liabilities	\$ 1,293,276

Deferred Inflows of Resources	
Pension related amounts	\$ 27,321
OPEB related amounts	9,991

Total Deferred Inflows of Resources	\$ 37,312

Net Position	
Net investment in capital assets	\$ 150,180
Unrestricted	190,833

Total Net Position	<u>\$ 341,013</u>

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2019**

	School Nutrition -----
Operating Revenues	
Local sources:	
Charges for services	\$ 1,247,417

Operating Expenses	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 734,216
Benefits	263,164
Purchased services	12,649
Supplies	1,016,216
Depreciation	31,248

Total Operating Expenses	\$ 2,057,493

Operating Loss	\$ (810,076)

Non-Operating Revenues	
State sources	\$ 15,229
Federal sources	931,506
Interest income	29,080

Total Non-Operating Revenues	\$ 975,815

Income Before Transfers	\$ 165,739

Other Financing Sources (Uses)	
Transfers out	(72,100)

Change in Net Position	\$ 93,639

Net Position Beginning of Year	247,374

Net Position End of Year	\$ 341,013
	=====

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2019**

	School Nutrition -----
Cash Flows From Operating Activities	
Cash received from sale of lunches and breakfasts	\$ 1,247,620
Cash paid to employees for services	(884,096)
Cash paid to suppliers for goods or services	(841,853)

Net Cash Used by Operating Activities	\$ (478,329)

Cash Flows From Non-Capital Financing Activities	
State grants received	\$ 15,229
Federal grants received	733,152
Transfers to other funds	(72,100)

Net Cash Provided by Non-Capital Financing Activities	\$ 676,281

Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	\$ (27,108)

Cash Flows From Investing Activities	
Interest on investments	\$ 29,080

Net Increase in Cash and Cash Equivalents	\$ 199,924
Cash and Cash Equivalents at Beginning of Year	1,076,027

Cash and Cash Equivalents at End of Year	\$ 1,275,951
	=====
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating loss	\$ (810,076)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	197,725
Depreciation	31,248
(Increase) in inventories	(13,992)
Decrease in accounts receivable	203
(Increase) in prepaid expenses	(40)
Increase in accounts payable	3,319
(Decrease) in salaries and benefits payable	(3,289)
Increase due to other funds	76,692
(Decrease) in net pension liability	(22,898)
(Increase) in deferred outflows of resources	2,402
Increase in deferred inflows of resources	18,817
Increase in OPEB liability	41,560

Net Cash Used by Operating Activities	\$ (478,329)
	=====

Non-Cash Investing, Capital and Related Financing Activities

During the year ended June 30, 2019, the District received \$197,725 of federal commodities.

See notes to financial statements.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
 FARLEY, IOWA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2019

	Private Purpose Trust
	----- Scholarship -----
Assets	
Cash and pooled investments	\$ 57,307

Liabilities	
None	\$ ---

Net Position	
Restricted for scholarships	\$ 57,307
	=====

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2019**

	Private Purpose Trust ----- Scholarship -----
Additions	
Local Sources:	
Gifts and contributions	\$ 9,500
Interest	6

Total Additions	\$ 9,506
Deductions	
Instruction:	
Regular:	
Scholarships awarded	18,500

Income Before Transfers	\$ (8,994)
Transfers in	33,214

Change in Net Position	\$ 24,220
Net Position Beginning of Year	33,087

Net Position End of Year	\$ 57,307
	=====

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 1 - Summary of Significant Accounting Policies:

The Western Dubuque County Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career, technical and recreational courses. The geographic area served includes the predominately agricultural territory in Northeast Iowa including portions of the following counties; Dubuque, Delaware, Jackson, Clayton and Jones. The District is governed by a Board of Education whose members are elected on a nonpartisan 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, the District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. 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 jointly governed organizations that provide services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of Dubuque County Assessor's Conference Board.

B. Basis of Presentation

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

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

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 reports the following major proprietary fund:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 1 - Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 1 - Summary of Significant Accounting Policies: (Continued)

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

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

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

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

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 1 - Summary of Significant Accounting Policies: (Continued)

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

Asset Class	Amount
Land	All
Buildings	\$ 5,000
Improvements other than buildings	5,000
Intangibles	100,000
Furniture and Equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50
Improvements other than buildings	20-50
Intangibles	5-10
Furniture and equipment	5-20

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) 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. Also included in deferred outflows is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

Compensated Absences - District employees accumulate sick leave and vacation for subsequent use. These accumulations are not recognized as expenditures by the District until used. The District's policy prohibits payoff of accumulated benefits at termination of employment. Consequently, no liability at June 30, 2019 has been accrued.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 1 - Summary of Significant Accounting Policies: (Continued)

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

Long-Term Liabilities and Bond Discounts/Premiums - In the government-wide and proprietary financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

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

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

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

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

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 1 - Summary of Significant Accounting Policies: (Continued)

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

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

Nonspendable - Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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

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

Unassigned - All amounts not included in preceding classifications.

E. Budgets and Budgetary Accounting

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

F. Estimates

The preparation of financial statements in conformity with United States of America generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Cash, Cash Equivalents and Pooled Investments:

The District's deposits in banks at June 30, 2019, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 2 - Cash, Cash Equivalents and Pooled Investments: (Continued)

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

At June 30, 2019, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$10,218 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

Note 3 - Due From and Due To Other Funds:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Enterprise - Nutrition	\$ 90,192 =====

These balances will be repaid within fiscal year 2020.

Note 4 - Interfund Transfers:

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$2,462,872
General	Enterprise - Nutrition	72,100
Fiduciary - Private Purpose Trust	Special Revenue - Student Activity	33,214

Transfers are used to move resources from the fund that statute or budget requires to record them to the fund that statute or budget requires to expend them as well as to reimburse expenses. A transfer from the Student Activity Fund was done to provide for scholarships.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 5 - Capital Assets:

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	-----	-----	-----	-----
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 991,718	\$ 425,000	\$ 2,000	\$ 1,414,718
Construction in progress	82,768	1,118,190	203,785	997,173
	-----	-----	-----	-----
Total capital assets not being depreciated	\$ 1,074,486	\$ 1,543,190	\$ 205,785	\$ 2,411,891
	-----	-----	-----	-----
Capital assets being depreciated:				
Buildings	\$ 73,451,241	\$ 329,477	\$ 256,536	\$ 73,524,182
Improvements other than buildings	2,834,841	147,838	6,594	2,976,085
Furniture and equipment	11,123,853	652,897	304,426	11,472,324
	-----	-----	-----	-----
Total capital assets being depreciated	\$ 87,409,935	\$ 1,130,212	\$ 567,556	\$ 87,972,591
	-----	-----	-----	-----
Less accumulated depreciation for:				
Buildings	\$ 18,251,381	\$ 1,582,177	\$ 244,829	\$ 19,588,729
Improvements other than buildings	1,527,869	114,594	6,594	1,635,869
Furniture and equipment	6,827,346	818,388	285,857	7,359,877
	-----	-----	-----	-----
Total accumulated depreciation	\$ 26,606,596	\$ 2,515,159	\$ 537,280	\$ 28,584,475
	-----	-----	-----	-----
Total capital assets being depreciated, net	\$ 60,803,339	\$ (1,384,947)	\$ 30,276	\$ 59,388,116
	-----	-----	-----	-----
Total governmental activities capital assets, net	<u>\$ 61,877,825</u>	<u>\$ 158,243</u>	<u>\$ 236,061</u>	<u>\$ 61,800,007</u>
	-----	-----	-----	-----
Business type activities:				
Furniture and equipment	\$ 568,706	\$ 27,108	\$ ---	\$ 595,814
Less accumulated depreciation	414,386	31,248	---	445,634
	-----	-----	-----	-----
Business type activities capital assets, net	<u>\$ 154,320</u>	<u>\$ (4,140)</u>	<u>\$ ---</u>	<u>\$ 150,180</u>
	-----	-----	-----	-----

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 80,108
Other	34,009
Support Services:	
Operation and maintenance of plant	112,388
Transportation	562,774
Non-instructional	4,021
Unallocated	1,721,859

Total governmental activities depreciation expense	<u>\$ 2,515,159</u>

Business type activities:	
Food service operations	\$ 31,248

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 6 - Long-Term Liabilities:

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	-----	-----	-----	-----	-----
Governmental Activities:					
General obligation bonds	\$ 16,210,000	\$ ---	\$ 870,000	\$ 15,340,000	\$ 895,000
Revenue bonds	5,580,000	---	445,000	5,135,000	455,000
Qualified school construction bond	16,500,000	---	---	16,500,000	---
Net pension liability	19,183,282	---	712,897	18,470,385	---
Net OPEB liability	8,098,865	647,418	---	8,746,283	---
	-----	-----	-----	-----	-----
Total	<u>\$ 65,572,147</u>	<u>\$ 647,418</u>	<u>\$ 2,027,897</u>	<u>\$ 64,191,668</u>	<u>\$ 1,350,000</u>
Business Type Activities:					
Net pension liability	\$ 650,629	\$ ---	\$ 22,898	\$ 627,731	\$ ---
Net OPEB liability	519,898	41,560	---	561,458	---
	-----	-----	-----	-----	-----
Total	<u>\$ 1,170,527</u>	<u>\$ 41,560</u>	<u>\$ 22,898</u>	<u>\$ 1,189,189</u>	<u>\$ ---</u>

General Obligation Bonds

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

Year Ending June 30,	Bond Issue March 23, 2010			Bond Issue October 30, 2012			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
-----	-----	-----	-----	-----	-----	-----	-----	-----
2020	3.20	475,000	31,535	3.000	420,000	433,025	895,000	464,560
2021	3.30	495,000	16,335	3.000	425,000	420,425	920,000	436,760
2022	---	---	---	3.000	1,000,000	407,675	1,000,000	407,675
2023	---	---	---	3.000	1,035,000	377,675	1,035,000	377,675
2024	---	---	---	3.000	1,070,000	346,625	1,070,000	346,625
2025-2029	---	---	---	3.000	5,955,000	1,229,275	5,955,000	1,229,275
2030-2032	---	---	---	3.125	4,465,000	276,675	4,465,000	276,675
		-----	-----		-----	-----	-----	-----
		<u>970,000</u>	<u>47,870</u>		<u>14,370,000</u>	<u>3,491,375</u>	<u>15,340,000</u>	<u>3,539,245</u>

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 6 - Long-Term Liabilities: (Continued)

Series 2012 bonds due June 1, 2021 – 2032, inclusive, are callable in whole or in part on any date after June 1, 2021 at a price of par and accrued interest. If less than all the bonds are called, they shall be redeemed in any order of maturity as determined by the District within any maturity by lot.

On March 23, 2010, the District issued \$4,250,000 in general obligation bonds with an average interest rate of 2.70% to advance refund \$4,000,000 of outstanding 2001 Series bonds with an average interest rate of 4.60%. The bonds due June 1, 2019 - 2021, inclusive, are callable in whole or in part on any date after June 1, 2018 at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in any order of maturity as determined by the District within any maturity by lot.

Revenue Bonds

Details of the District’s September 27, 2016 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
-----	-----	-----	-----	-----
2020	3.00%	455,000	102,700	557,700
2021	3.00%	465,000	93,600	558,600
2022	3.00%	475,000	84,300	559,300
2023	3.00%	490,000	74,800	564,800
2024	3.00%	505,000	65,000	570,000
2025-2029	3.00%	2,745,000	168,200	2,913,200
		-----	-----	-----
		5,135,000	588,600	5,723,600
		=====	=====	=====

The District has pledged future statewide sales, services and use tax revenues to repay the \$6,500,000 of bonds issued in September 2016. The bonds were issued for the purpose of financing a portion of the cost of school infrastructure. 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 17% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$5,723,600. For the current year, principal and interest paid and total statewide sales, services and use tax revenues were \$556,600 and \$3,181,543.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 6 - Long-Term Liabilities: (Continued)

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

- (a) Interest on the bonds is payable on June 1 and December 1 in each year beginning December 1, 2016, to the registered owners thereof. The Bonds will mature serially on June 1. Bonds maturing on or after June 1, 2024, may be called for redemption by the Issuer and paid before maturity on June 1, 2023 or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot, at par plus accrued interest to date of call.
- (b) The Bond Resolution establishes a Project Fund (the "Project Fund") into which the net Bond proceeds shall be deposited. Moneys in the Project Fund shall be used for the purpose of aiding in the financing of the Project, and shall also be available for the payment of the principal of or interest on the Bonds at any time that other funds of the Project shall be insufficient for that purpose. Any Project Fund moneys used to pay debt service on the Bonds shall be repaid to the Project Fund at the earliest opportunity.
- (c) The Bond Resolution also establishes the Local Option Sales and Services Tax Revenue Fund (the "Revenue Fund"), into which shall be deposited all local option sales taxes when received from the State. Moneys in the Revenue Fund shall be disbursed to the following funds and accounts in the following order of priority.
- (d) Interest and principal on the Bonds (and any Parity Obligations, as defined below) will be paid from the Sinking Fund (the "Sinking Fund"). The amount to be deposited in the Sinking Fund shall be equal to the amount of principal and interest coming due on the Bonds, and any other obligations payable from the Sales Services and Use Tax revenues on a parity with the Bonds ("Parity Obligations") during the fiscal year and shall be used solely for the purpose of paying debt service on the Bonds and any Parity Obligations.
- (e) The Bonds are secured by the Reserve Fund established under the Bond Resolution which will not be funded from proceeds of the Bonds. So long as any Bonds are outstanding, the Issuer is required to maintain an amount on deposit in the Reserve Fund equal to the lesser of (a) the sum of 10% of the proceeds of the Bonds; (b) 125% of the average annual debt service on such Bonds or (c) the maximum annual debt service on such Bonds (the "Reserve Fund Requirement").

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 6 - Long-Term Liabilities: (Continued)

Qualified School Construction Bonds

On December 15, 2009, the District issued \$8,500,000 of qualified school construction bonds for the purpose of building and equipping an addition to the Drexler Middle School. The bonds are interest free and the entire balance is due on June 1, 2026. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenue received by the District and are not a general obligation of the District. The bonds may be called for redemption on any date, in whole or from time to time in part at a price of par. Beginning June 1, 2010, the District is required to place seventeen annual payments into an escrow account, which has a 2.00% interest rate. The balance accumulated in the escrow account will be used to repay the bonds when they mature.

On April 28, 2010, the District issued \$8,000,000 of qualified school construction bonds for the purpose of constructing, furnishing, and equipping a new elementary school in Dyersville, Iowa. The bonds are interest free and the entire balance is due on June 1, 2020. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenue received by the District and are not a general obligation of the District. The bonds may be called for redemption on any date, in whole or from time to time in part at a price of par. Beginning June 1, 2015, the District is required to place seven annual payments into an escrow account, which has a 1.85% interest rate. The balance accumulated in the escrow account will be used to repay the bonds when they mature.

The District did comply with all of the provisions of the Revenue Bonds and the Qualified School Construction Bonds during the year ended June 30, 2019. The Sinking Fund and Reserve Fund requirements are accounted for in the Debt Service Fund.

Note 7 - 28E Agreements:

On July 20, 2005, the District entered into a 28E Agreement with the City of Farley, Iowa. The agreement is for the purpose of constructing a high school regulation softball field. Along with the 28E Agreement, the District has entered into a lease agreement with the City of Farley for the use of the softball field. The term of the lease is 40 years with annual rent of \$1.

On April 14, 2011, the District entered into a 28E Agreement with the City of Cascade, Iowa. The purpose of the agreement is to allow the City to use land owned by the District to develop and maintain a soccer field for community and District use.

On December 29, 2011, the District entered into a 28E Agreement with the City of Farley, Iowa and the Dubuque County Library Board. The purpose of the agreement is to allow the operation of a joint library facility.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 7 - 28E Agreements: (Continued)

On March 23, 2016, the District entered into a 28E Agreement with the City of Epworth, Iowa. The purpose of the agreement is to allow for construction, inspection, maintenance and repair of the water quality practices.

Note 8 - Pension Plan:

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

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

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, 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.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 8 - Pension Plan: (Continued)

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

The District's contributions to IPERS for the year ended June 30, 2019 were \$2,204,042.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the District reported a liability of \$19,098,116 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the District's proportion was 0.301792%, which was an increase of 0.004042% from its proportion measured as of June 30, 2017.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 8 - Pension Plan: (Continued)

For the year ended June 30, 2019, the District recognized pension expense of \$2,666,547. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ ---	\$ 326,936
Change in assumptions	2,724,464	---
Net difference between projected and actual earnings on IPERS' investments	---	524,762
Changes in proportion and differences between District contributions and proportionate share of contributions	528,067	---
District contributions subsequent to the measurement date	2,204,042	---
	\$ 5,456,573	\$ 851,698

\$2,204,042 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30, -----	
2020	\$ 1,455,968
2021	876,074
2022	19,531
2023	55,305
2024	(6,033)
	\$ 2,400,845

There were no non-employer contributing entities to IPERS.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 8 - Pension Plan: (Continued)

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

Rate of inflation (effective June 30, 2017)	2.60% 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, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic study dated June 28, 2018.

Mortality rates used in the 2018 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 pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Total	100.0%	
	=====	

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 8 - Pension Plan: (Continued)

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 that 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 of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
	-----	-----	-----
District's proportionate share of the net pension liability	\$ 32,413,340	\$ 19,098,116	\$ 7,928,621

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

Payables to IPERS - At June 30, 2019, the District reported payables to IPERS of \$158,636 for legally required District contributions and \$105,701 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 9 - Other Postemployment Benefits (OPEB):

Plan Description - The District administers a single-employer health 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. The District also contributes to an employer-provided health reimbursement arrangement for contracted employees when they retire. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 9 - Other Postemployment Benefits (OPEB): (Continued)

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.

For the employer-provided health reimbursement arrangement, the retiring employee must be at least age 55 and have 15 or more years of service with the District. For contracted employees eligible for health insurance, the District will contribute an amount equal to 50% - 75% of its annual contribution to the cost of family medical insurance at the time of retirement depending on the employee's work classification for a period of five years. For employees not eligible for medical insurance, the District will contribute a one-time amount equal to 25% of the employee's regular wages earned during the last year of employment with the District.

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

Inactive employees or beneficiaries currently receiving benefit payments	53
Active employees	544

Total	597
	=====

Total OPEB Liability - The District's total OPEB liability of \$9,307,741 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

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

Rate of inflation (effective June 30, 2019)	3.00% per annum
Rates of salary increase (effective June 30, 2019)	3.50%, including inflation.
Discount rate (effective June 30, 2019)	3.50% compounded annually, including inflation
Healthcare cost trend rate (effective June 30, 2019)	6.50% initial rate for medical and prescription benefits and 4.50% initial rate for administrative fees, decreasing by 0.50% annually to an ultimate rate of 4.50%.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 9 - Other Postemployment Benefits (OPEB): (Continued)

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

Mortality rates are from the RP-2014 generational table scaled using MP-17 and applied on a gender-specific basis. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

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

Changes in the Total OPEB Liability

Total OPEB liability beginning of year	\$	8,618,763

Changes for the year:		
Service cost		770,747
Interest		349,662
Changes in assumptions		277,177
Benefit payments		(708,608)

Net changes	\$	688,978

Total OPEB liability at end of year	\$	9,307,741
		=====

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

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current discount rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
	-----	-----	-----
Total OPEB liability	\$ 10,733,000	\$ 9,308,000	\$ 8,027,000

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 9 - Other Postemployment Benefits (OPEB): (Continued)

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 that are 1% lower (5.50%) or 1% higher (7.50%) than the current healthcare cost trend rates.

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Total OPEB liability	\$ 8,215,000	\$ 9,308,000	\$ 10,292,000

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2019, the District recognized OPEB expense of \$1,127,036. At June 30, 2019, the District reported deferred inflows of resources related to OPEB from the following source:

Changes in assumptions	\$ 87,770
------------------------	-----------

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

Year Ended June 30, -----		
2020	\$	6,627
2021		6,627
2022		6,627
2023		6,627
2024		6,627
Thereafter		54,635
	\$	87,770

Note 10 - Risk Management:

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

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 11 - Area Education Agency:

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$1,566,721 for the year ended June 30, 2019, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 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

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Cascade	Urban renewal and economic development projects	\$ 15,670
City of Dyersville	Urban renewal and economic development projects	459,322
City of Farley	Urban renewal and economic development projects	70,038
	Other tax abatement program	38,356
City of Peosta	Urban renewal and economic development projects	63,465
Dubuque County	Urban renewal and economic development projects	55,174

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2019, this reimbursement amounted to \$377,971.

Note 13 - Commitments:

The District has entered into contracts totaling \$3,819,370 for additions at Dyersville, Epworth and Farley Elementary Schools and track resurfacing at Cascade High School. As of June 30, 2019, cost of \$956,038 had been incurred against the contracts. The remaining amount will be paid as work on the projects progresses.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 13 - Commitments: (Continued)

The District approved a contract in the amount of \$438,675 for the purchase of five school buses.

Note 14 - 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, 2019.

Program	Amount
Home school assistance program	\$ 54,080
Gifted and talented program	34,215
Educator quality professional development	83,649
Teacher salary supplement	33,079
Teacher leadership grants	527,289
	\$ 732,312

Note 15 - Subsequent Events:

In August 2019, the District awarded a contract for architectural services for an addition at Peosta Elementary at an estimated cost of \$176,000. In November 2019, the District awarded a contract for construction services for an addition at Peosta Elementary in the amount of \$1,955,700.

The District's management has evaluated subsequent events and transactions for potential financial statement recognition and disclosure through December 23, 2019, the date the financial statements were available to be issued.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 16 - Prospective Accounting Change:

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

REQUIRED SUPPLEMENTARY INFORMATION

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
CHANGES IN BALANCES - BUDGET AND ACTUAL -
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues						
Local sources	\$ 23,189,902	\$ 1,276,497	\$ 24,466,399	\$ 24,183,121	\$ 24,183,121	\$ 283,278
State sources	22,377,388	15,229	22,392,617	21,831,072	21,831,072	561,545
Federal sources	1,197,244	931,506	2,128,750	2,285,662	2,285,662	(156,912)
Total Revenues	\$ 46,764,534	\$ 2,223,232	\$ 48,987,766	\$ 48,299,855	\$ 48,299,855	\$ 687,911
Expenditures/Expenses						
Instruction	\$ 26,620,343	\$ ---	\$ 26,620,343	\$ 27,429,556	\$ 27,429,556	\$ 809,213
Support services	12,886,022	---	12,886,022	13,061,696	13,061,696	175,674
Non-instructional programs	36,635	2,057,493	2,094,128	2,120,743	2,147,735	53,607
Other expenditures	5,522,540	---	5,522,540	4,579,064	5,753,299	230,759
Total Expenditures/Expenses	\$ 45,065,540	\$ 2,057,493	\$ 47,123,033	\$ 47,191,059	\$ 48,392,286	\$ 1,269,253
Excess (Deficiency) of Revenues Over (Under) Expenditures/Expenses	\$ 1,698,994	\$ 165,739	\$ 1,864,733	\$ 1,108,796	\$ (92,431)	\$ 1,957,164
Other Financing Sources, Net	154,318	(72,100)	82,218	10,000	10,000	72,218
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	\$ 1,853,312	\$ 93,639	\$ 1,946,951	\$ 1,118,796	\$ (82,431)	\$ 2,029,382
Balances Beginning of Year	27,471,899	247,374	27,719,273	27,235,132	27,235,132	484,141
Balances End of Year	<u>\$ 29,325,211</u>	<u>\$ 341,013</u>	<u>\$ 29,666,224</u>	<u>\$ 28,353,928</u>	<u>\$ 27,152,701</u>	<u>\$ 2,513,523</u>

See accompanying independent auditor's report.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
- BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2019**

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard 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. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$1,201,227.

During the year ended June 30, 2019, expenditures did not exceed the amounts budgeted. The District did not exceed its General Fund unspent authorized budget.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST FIVE YEARS*
(IN THOUSANDS)**

REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018	2017	2016	2015
	-----	-----	-----	-----	-----
District's proportion of the net pension liability	0.301792%	0.297745%	0.287944%	0.283201%	0.289556%
District's proportionate share of the net pension liability	\$ 19,098	\$ 19,834	\$ 18,121	\$ 13,992	\$ 11,484
District's covered payroll	\$ 22,802	\$ 21,724	\$ 20,764	\$ 20,004	\$ 18,962
District's proportionate share of the net pension liability as a percentage of its covered payroll	83.76%	91.30%	87.27%	71.86%	60.56%
IPERS' net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

SCHEDULE OF DISTRICT CONTRIBUTIONS

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN YEARS
(IN THOUSANDS)**

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Statutorily required contributions	\$ 2,204	\$ 2,036	\$ 1,940	\$ 1,854	\$ 1,786	\$ 1,693	\$ 1,636	\$ 1,433	\$ 1,220	\$ 1,121
Contributions in relation to the statutorily required contribution	(2,204)	(2,036)	(1,940)	(1,854)	(1,786)	(1,693)	(1,636)	(1,433)	(1,220)	(1,121)
Contribution deficiency (excess)	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
District's covered payroll	\$ 23,348	\$ 22,802	\$ 21,724	\$ 20,764	\$ 20,004	\$ 18,962	\$ 18,868	\$ 17,754	\$ 17,547	\$ 16,859
Contributions as a percentage of covered payroll	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%

See accompanying independent auditor's report.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2019**

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Changes of assumptions:

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

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

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

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

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

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

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2019**

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

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

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY, RELATED RATIOS AND NOTES**

FOR THE LAST TWO YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018
	-----	-----
Service cost	\$ 770,747	\$ 742,031
Interest cost	349,662	341,933
Changes in assumptions	277,177	(199,931)
Benefit payments	(708,608)	(717,719)
	-----	-----
Net change in total OPEB liability	\$ 688,978	\$ 166,314
Total OPEB liability beginning of year	8,618,763	8,452,449
	-----	-----
Total OPEB liability end of year	\$ 9,307,741	\$ 8,618,763
	=====	=====
Covered-employee payroll	\$ 23,653,578	\$ 23,124,652
Total OPEB liability as a percentage of covered-employee payroll	39.35%	37.27%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

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

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
 FARLEY, IOWA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019

	Special Revenue		
	Management Levy	Student Activity	Total
	-----	-----	-----
Assets			
Cash and pooled investments	\$ 2,299,242	\$ 834,372	\$ 3,133,614
Receivables:			
Property tax:			
Delinquent	4,663	---	4,663
Succeeding year	1,849,999	---	1,849,999
Accounts	---	2,028	2,028
Due from other governments	---	1,000	1,000
Prepaid expenses	524,352	---	524,352
	-----	-----	-----
Total Assets	\$ 4,678,256	\$ 837,400	\$ 5,515,656
	=====	=====	=====
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ ---	\$ 72,482	\$ 72,482
	-----	-----	-----
Total Liabilities	\$ ---	\$ 72,482	\$ 72,482
	-----	-----	-----
Deferred Inflows of Resources:			
Unavailable revenues:			
Succeeding year property tax	\$ 1,849,999	\$ ---	\$ 1,849,999
	-----	-----	-----
Fund Balances:			
Nonspendable:			
Prepaid expenditures	\$ 524,352	\$ ---	\$ 524,352
Restricted for:			
Management levy purposes	2,303,905	---	2,303,905
Student activities	---	764,918	764,918
	-----	-----	-----
Total Fund Balances	\$ 2,828,257	\$ 764,918	\$ 3,593,175
	-----	-----	-----
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,678,256	\$ 837,400	\$ 5,515,656
	=====	=====	=====

See accompanying independent auditor's report.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues			
Local Sources:			
Local tax	\$ 1,525,906	\$ ---	\$ 1,525,906
Other	60,196	1,357,747	1,417,943
State sources	32,828	---	32,828
Total Revenues	\$ 1,618,930	\$ 1,357,747	\$ 2,976,677
Expenditures			
Current:			
Instruction:			
Regular	\$ 230,377	\$ ---	\$ 230,377
Special	163,745	---	163,745
Other	29,370	1,325,958	1,355,328
Total Instruction	\$ 423,492	\$ 1,325,958	\$ 1,749,450
Support Services:			
Student	\$ 26,976	\$ ---	\$ 26,976
Instructional staff	1,082	3,444	4,526
Administration	154,627	6,961	161,588
Operation and maintenance of plant	271,767	17,892	289,659
Transportation	103,455	58,635	162,090
Total Support Services	\$ 557,907	\$ 86,932	\$ 644,839
Non-instructional Programs	\$ 36,635	\$ ---	\$ 36,635
Total Expenditures	\$ 1,018,034	\$ 1,412,890	\$ 2,430,924
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 600,896	\$ (55,143)	\$ 545,753
Other Financing Sources (Uses)			
Operating transfers out	---	(33,214)	(33,214)
Changes in Fund Balances	\$ 600,896	\$ (88,357)	\$ 512,539
Fund Balances Beginning of Year	2,227,361	853,275	3,080,636
Fund Balances End of Year	\$ 2,828,257	\$ 764,918	\$ 3,593,175

See accompanying independent auditor's report.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND ACCOUNTS
JUNE 30, 2019**

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	-----	-----	-----
Assets			
Cash and pooled investments	\$ 4,389,153	\$ 1,701,776	\$ 6,090,929
Receivables:			
Property tax:			
Delinquent	---	4,776	4,776
Succeeding year	---	1,584,394	1,584,394
Accounts	---	25,690	26,690
Due from other governments	252,276	---	252,276
	-----	-----	-----
Total Assets	\$ 4,641,429	\$ 3,316,636	\$ 7,958,065
	=====	=====	=====
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 348,973	\$ 13,058	\$ 362,031
	-----	-----	-----
Deferred Inflows of Resources:			
Unavailable Revenues:			
Succeeding year property tax	\$ ---	\$ 1,584,394	\$ 1,584,394
	-----	-----	-----
Fund Balances:			
Restricted for:			
Debt service	\$ 643,175	\$ ---	\$ 643,175
School infrastructure	3,649,281	---	3,649,281
Physical plant and equipment	---	1,719,184	1,719,184
	-----	-----	-----
Total Fund Balances	\$ 4,292,456	\$ 1,719,184	\$ 6,011,640
	-----	-----	-----
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,641,429	\$ 3,316,636	\$ 7,958,065
	=====	=====	=====

See accompanying independent auditor's report.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND ACCOUNTS
YEAR ENDED JUNE 30, 2019**

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	-----	-----	-----
Revenues			
Local Sources:			
Local tax	\$ ---	\$ 1,524,871	\$ 1,524,871
Other	148,989	149,038	298,027
State sources	3,181,543	33,275	3,214,818
	-----	-----	-----
Total Revenues	\$ 3,330,532	\$ 1,707,184	\$ 5,037,716
	-----	-----	-----
Expenditures			
Current:			
Instruction:			
Regular	\$ ---	\$ 74,362	\$ 74,362
Other	---	114	114
	-----	-----	-----
Total Instruction	\$ ---	\$ 74,476	\$ 74,476
	-----	-----	-----
Support Services:			
Instructional staff	\$ 73,116	\$ ---	\$ 73,116
Administration	44,102	18,373	62,475
Operation and maintenance of plant	---	77,537	77,537
Transportation	10,799	477,557	488,356
	-----	-----	-----
Total Support Services	\$ 128,017	\$ 573,467	\$ 701,484
	-----	-----	-----
Other Expenditures:			
Facilities acquisition	\$ 975,911	\$ 1,060,998	\$ 2,036,909
	-----	-----	-----
Total Expenditures	\$ 1,103,928	\$ 1,708,941	\$ 2,812,869
	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 2,226,604	\$ (1,757)	\$ 2,224,847
	-----	-----	-----
Other Financing Sources (Uses)			
Compensation for loss of fixed assets	\$ ---	\$ 49,205	\$ 49,205
Operating transfers out	(2,462,872)	---	(2,462,872)
Sale of land, equipment and materials	---	41,200	41,200
	-----	-----	-----
Total Other Financing Sources (Uses)	\$(2,462,872)	\$ 90,405	\$(2,372,467)
	-----	-----	-----
Change in Fund Balances	\$ (236,268)	\$ 88,648	\$ (147,620)
	-----	-----	-----
Fund Balances Beginning of Year	4,528,724	1,630,536	6,159,260
	-----	-----	-----
Fund Balances End of Year	\$ 4,292,456	\$ 1,719,184	\$ 6,011,640
	=====	=====	=====

See accompanying independent auditor's report.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2019

	Balance Beginning Of Year	Revenues	Expenditures and Interfund Transfers	Intrafund Transfers	Balance End of Year
District Wide Accounts					
Employee Awards	\$ 154	\$ ---	\$ ---	\$ ---	\$ 154
Backpacking Bobcats	1,694	19,370	17,342	---	3,722
District Wide Interest	95,070	24,675	3,540	---	116,205
	-----	-----	-----	-----	-----
Total District Wide	\$ 96,918	\$ 44,045	\$ 20,882	\$ ---	\$ 120,081
	-----	-----	-----	-----	-----
Epworth High School:					
Computer Technology	\$ 1,534	\$ 1,872	\$ 3,177	\$ ---	\$ 229
Dramatics Fund	4,919	9,226	11,965	---	2,180
Speech Club	612	---	120	---	492
Vocal Music	17,117	3,488	14,210	2,171	8,566
Instrumental Music	2,403	15,708	16,785	---	1,326
Show Choir	---	75,637	67,115	(1,949)	6,573
Student Council	30,658	27,013	49,265	4,731	13,137
Future Farmers	14,400	62,708	67,991	(353)	8,764
Yearbook	20,076	30,940	31,204	---	19,812
Library Club	1,608	169	1,512	---	265
Close Up	94	---	---	---	94
Post Prom	1,969	2,731	4,916	216	---
National Honor Society	1,944	877	---	(2,821)	---
Class of 2022	---	10	---	---	10
Class of 2021	916	---	---	---	916
Class of 2020	596	6,547	3,177	(2,216)	1,750
Class of 2019	4,775	204	700	(4,279)	---
Class of 2018	---	---	1,577	1,577	---
Future Business Leaders	622	24,636	24,529	2,342	3,071
Athletic Fund	251,959	463,283	493,508	(5,853)	215,881
Pop and Uniforms	5,991	---	---	---	5,991
Fundraiser	5,405	379	390	11	5,405
Band	6,516	---	1,640	2,045	6,921
Miscellaneous	22,076	74,173	69,000	(2,478)	24,771
	-----	-----	-----	-----	-----
Total Epworth High School	\$ 396,190	\$ 799,601	\$ 862,781	\$ (6,856)	\$ 326,154
	-----	-----	-----	-----	-----

See accompanying independent auditor's report.

SCHEDULE "5" (Continued)

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2019**

	Balance Beginning Of Year	Revenues	Expenditures and Interfund Transfers	Intrafund Transfers	Balance End of Year
	-----	-----	-----	-----	-----
Cascade High School:					
Poms	\$ ---	\$ 16,719	\$ 14,324	\$ (1,556)	\$ 839
Dramatics/Speech	17,698	22,606	23,501	15	16,818
Cheerleaders	200	2,057	2,257	---	---
Vocal Music	4,201	9,979	9,236	(560)	4,384
Instrumental Music	1,625	24,976	22,212	(148)	4,241
Band	48	---	---	---	48
Student Council	1,521	3,827	4,365	---	983
Future Farmers	73,296	60,059	90,877	(5,950)	36,528
Junior High	1,344	7,664	8,546	(462)	---
Class of 2020	---	1,367	895	---	472
Class of 2019	1,282	1,570	2,027	(825)	---
Class of 2018	---	100	---	(100)	---
Athletic Fund	34,540	162,524	180,604	9,553	26,013
Future Business Leaders	1,853	17,990	19,641	(202)	---
Pop and Uniforms	823	2,538	2,040	---	1,321
Yearbook	515	5,591	3,050	---	3,056
Miscellaneous	4,588	4,015	3,854	235	4,984
	-----	-----	-----	-----	-----
Total Cascade High School	\$ 143,534	\$ 343,582	\$ 387,429	\$ ---	\$ 99,687
	-----	-----	-----	-----	-----
Cascade Elementary:					
Student Expenses	\$ 16,285	\$ 17,759	\$ 27,764	\$ 1,663	\$ 7,943
School Photos	4,229	481	189	(1,663)	2,858
	-----	-----	-----	-----	-----
Total Cascade Elementary	\$ 20,514	\$ 18,240	\$ 27,953	\$ ---	\$ 10,801
	-----	-----	-----	-----	-----
Dyersville Elementary:					
Student Expenses	\$ 41,459	\$ 14,230	\$ 12,384	\$ ---	\$ 43,305
Book Fair	2	2,009	2,003	---	8
School Photos	8,043	1,015	66	---	8,992
	-----	-----	-----	-----	-----
Total Dyersville Elementary	\$ 49,504	\$ 17,254	\$ 14,453	\$ ---	\$ 52,305
	-----	-----	-----	-----	-----

See accompanying independent auditor's report.

SCHEDULE "5" (Continued)

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2019**

	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
	-----	-----	-----	-----	-----
Farley:					
Spring Fundraiser	\$ 12,776	\$ ---	\$ 2,219	\$ (495)	\$ 10,062
Student Council	850	---	---	---	850
Yearbook	1,779	5,342	6,333	537	1,325
Vocal Music	2,867	37,307	33,095	(1,560)	5,519
Athletic Fund	19,710	13,056	21,591	12,327	23,502
Booster Club/PTO	377	---	---	---	377
Outdoor Education	10,480	15,815	15,614	(840)	9,841
Pop and Uniforms	5,559	4,557	3,055	(140)	6,921
Fitness Program	2,323	---	32	---	2,291
Book Fair	2,716	---	---	---	2,716
School Photos	28,891	1,675	---	(1,121)	29,445
Magazine/Newspaper Fundraiser	8,788	1,072	394	(1,592)	7,874
Grade 8 Class Trip	8,400	15,498	16,218	---	7,680
Various Groups	30,199	30,465	23,803	(260)	36,601
	-----	-----	-----	-----	-----
Total Farley	\$ 135,715	\$ 124,787	\$ 122,354	\$ 6,856	\$ 145,004
	-----	-----	-----	-----	-----
Epworth Elementary:					
Student Expenses	\$ 4,135	\$ 6,014	\$ 7,161	\$ ---	\$ 2,988
	-----	-----	-----	-----	-----
Peosta Elementary:					
Yearbook	\$ 1,235	\$ 376	\$ 187	\$ ---	\$ 1,424
Booster Club	210	---	---	---	210
Miscellaneous	5,320	3,848	2,904	---	6,264
	-----	-----	-----	-----	-----
Total Peosta Elementary	\$ 6,765	\$ 4,224	\$ 3,091	\$ ---	\$ 7,898
	-----	-----	-----	-----	-----
Total	\$ 853,275	\$1,357,747	\$1,446,104	\$ ---	\$ 764,918
	=====	=====	=====	=====	=====

See accompanying independent auditor's report.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS**

	Modified Accrual Basis				
	2019	2018	2017	2016	2015
Revenues					
Local Sources:					
Local tax	\$ 18,257,333	\$ 17,034,058	\$ 16,920,836	\$ 17,183,082	\$ 16,597,617
Tuition	2,201,914	2,112,778	1,836,618	1,582,810	1,471,815
Other	2,730,655	2,916,115	2,717,016	2,820,630	2,643,776
Intermediate Sources	---	---	---	---	---
State Sources	22,377,388	22,502,896	21,933,035	21,494,836	21,110,483
Federal Sources	1,197,244	1,052,444	1,039,854	1,049,552	1,074,649
Total	\$ 46,764,534	\$ 45,618,291	\$ 44,447,359	\$ 44,130,910	\$ 42,898,340
Expenditures					
Instruction:					
Regular	\$ 14,481,011	\$ 14,514,348	\$ 13,876,288	\$ 13,218,192	\$ 12,939,987
Special	5,292,292	5,049,223	4,956,700	4,804,473	4,487,288
Other	6,847,040	7,036,779	6,957,475	6,620,113	6,396,789
Support Services:					
Student	1,300,980	1,270,287	1,215,041	1,220,631	836,711
Instructional staff	2,116,176	1,932,381	1,702,294	1,631,842	1,604,342
Administration	3,954,623	4,028,079	4,260,937	4,131,388	3,585,308
Operation and maintenance of plant	3,118,791	3,077,131	2,952,398	2,696,211	2,689,082
Transportation	2,395,452	2,489,783	2,359,893	2,340,263	2,527,966
Non-instructional programs	36,635	39,592	43,874	41,560	40,616
Other Expenditures:					
Facilities acquisition	2,036,909	1,567,122	5,581,662	2,771,454	2,804,301
Long-term debt:					
Principal	1,315,000	1,250,000	1,270,000	770,000	750,000
Interest and other charges	603,910	636,020	681,725	557,693	579,457
AEA flowthrough	1,566,721	1,570,037	1,491,604	1,462,385	1,440,757
Total	\$ 45,065,540	\$ 44,460,782	\$ 47,349,891	\$ 42,266,205	\$ 40,682,604

See accompanying independent auditor's report.

SCHEDULE "6"

Modified Accrual Basis

2014	2013	2012	2011	2010
\$ 16,008,002	\$ 18,329,503	\$ 17,420,490	\$ 16,500,013	\$ 15,686,866
1,252,114	1,217,123	1,288,794	952,017	850,519
2,276,723	1,857,232	2,297,134	2,059,165	1,604,956
---	3,228	650	1,817	7,872
19,704,936	16,015,644	15,449,656	14,456,510	12,369,676
1,091,204	1,118,573	1,873,725	2,252,535	2,619,203
<u>\$ 40,332,979</u>	<u>\$ 38,541,303</u>	<u>\$ 38,330,449</u>	<u>\$ 36,222,057</u>	<u>\$ 33,139,092</u>
\$ 12,501,174	\$ 12,529,543	\$ 12,023,320	\$ 11,122,744	\$ 11,249,602
4,410,022	4,497,179	4,036,455	3,705,460	3,770,825
6,238,645	5,601,800	5,182,942	5,521,268	4,997,044
810,551	785,174	1,060,337	1,024,825	989,832
825,080	1,041,590	978,196	842,202	307,997
3,890,927	3,372,170	3,182,006	2,879,063	2,938,145
2,518,518	2,337,729	2,114,049	1,978,215	1,732,424
2,133,449	2,538,257	2,428,324	2,567,962	2,313,033
38,228	38,978	39,644	38,909	36,634
14,914,448	1,382,275	2,354,477	13,725,635	8,185,273
740,000	1,405,000	1,380,000	1,280,000	2,210,000
593,532	576,541	147,400	200,414	718,875
1,399,889	1,318,329	1,265,458	1,342,368	1,296,569
<u>\$ 51,014,463</u>	<u>\$ 37,424,565</u>	<u>\$ 36,192,608</u>	<u>\$ 46,229,065</u>	<u>\$ 40,746,253</u>

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
 FARLEY, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2019

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	4552	\$ 102,796
National School Lunch Program	10.555	4553	611,168
National School Lunch Program - USDA Commodities (noncash)	10.555	4951	197,725
National School Summer Program	10.559	4556	19,817
			\$ 931,506
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	4501	\$ 377,578
Career and Technical Education - Basic Grants to States	84.048	4531	29,622
Every Child Reads	84.323	4526	10,000
Improving Teacher Quality State Grants	84.367	4643	84,418
Student Support and Academic Enrichment	84.424	4669	34,044
			\$ 535,662
Keystone Area Education Agency:			
Special Education Grants to States	84.027	4521	\$ 185,522
Total			\$1,652,690

See accompanying independent auditor's report.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Basis of Presentation – The Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Western Dubuque County Community School District under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in financial position or cash flows of the Western Dubuque County Community School District.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – Western Dubuque County Community School District has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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**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**

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To the Board of Education of the
Western Dubuque County Community School District

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Western Dubuque County Community School District as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 23, 2019. In addition, we have disclaimed an opinion on the required supplementary information.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Western Dubuque County Community's 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of Western Dubuque County 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2019 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Western Dubuque County Community School District's Responses to the Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance 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 Western Dubuque County 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.

O'CONNOR, BROOKS & CO., P.C.

O' Connor, Brooks & Co., P.C.

Dubuque, Iowa
December 23, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education of the
Western Dubuque County Community School District

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Report on Compliance for Each Major Federal Program

We have audited Western Dubuque County Community School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019. Western Dubuque County Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Western Dubuque County Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Western Dubuque County Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

The management of Western Dubuque County Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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

O'CONNOR, BROOKS & CO., P.C.

O'Connor, Brooks + Co., P.C.

Dubuque, Iowa
December 23, 2019

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Part I: Summary of Independent Auditor's Results

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

Part II: Findings Related to the Financial Statements:

Instances of Noncompliance:

No matters were noted.

Material Weakness:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

Instances of Noncompliance:

No matters were noted.

Material Weakness:

No matters were noted.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-19 Certified Budget – Expenditures for the year ended June 30, 2019 did not exceed the amount budgeted.
- IV-B-19 Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-19 Travel Expense – No expenditures of District money for travel expenses of spouses or District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-19 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-19 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-F-19 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-19 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-H-19 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-19 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.
- IV-J-19 Certified Annual Report – The Certified Annual Report was certified timely to Iowa Department of Education.
- IV-K-19 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Part IV: Other Findings Related to Required Statutory Reporting: (Continued)

IV-L-19 Statewide Sales, Services and Use Tax – No instances of non-compliance with 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, 2019, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 4,528,724
Revenues:		
Sales tax revenues	\$ 3,181,543	
Other local revenues	148,989	3,330,532
	-----	-----
		\$ 7,859,256
Expenditures/transfers out:		
School infrastructure construction	\$ 975,911	
Equipment	83,915	
Other	44,102	
Transfers to debt service fund	2,462,872	3,566,800
	-----	-----
Ending balance		\$ 4,292,456
		=====

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

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
	-----	-----
Debt service levy	\$ 0.26675	\$ 400,000

IV-M-19 Revenue Bonds – No instances of non-compliance with the Sales, Services and Use Tax Revenue Bonds were noted.

APPENDIX C

DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds (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 each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings 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.

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

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

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

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

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

8. 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 the District or the Paying 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, the Paying Agent, or the District, 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 the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

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

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

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

APPENDIX D

DRAFT FORM OF OPINION OF BOND COUNSEL



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DRAFT

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Directors of the Western Dubuque County Community School District in the Counties of Dubuque, Clayton, Delaware, Jackson and Jones, State of Iowa, and acts of administrative officers of the School District (the "Issuer"), relating to the issuance of School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2020, by said Issuer, dated February 10, 2020, in the denominations of \$5,000 or multiples thereof, in the aggregate amount of \$ _____ (the "Bonds").

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

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

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

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt the Resolution, perform the agreements on its part contained therein, and issue the Bonds.

2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer. The Resolution creates a valid lien on the School Infrastructure Sales, Services and Use Tax Revenues pledged by the Resolution (and defined therein) for the security of the Bonds and the Parity Bonds.

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

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

THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE ISSUER AND THE GENERAL CREDIT AND TAXING POWERS OF THE ISSUER ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL THEREOF OR INTEREST THEREON. THE ISSUER IS NOT OBLIGATED TO LEVY ANY AD VALOREM TAXES NOR TO EXPEND ANY

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Page 2

MONIES OF THE ISSUER TO PAY THE BONDS, EXCEPT THE SCHOOL INFRASTRUCTURE SALES, SERVICES AND USE TAX REVENUES SPECIFICALLY PLEDGED UNDER THE RESOLUTION.

4. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. 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.

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APPENDIX E

DRAFT CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Western Dubuque County Community School District, State of Iowa (the "Issuer"), in connection with the issuance of \$_____ School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2020 (the "Bonds") dated February 10, 2020. The Bonds are being issued pursuant to a Resolution of the Issuer approved on _____, 2020 (the "Resolution"). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" shall mean the State of Iowa.

Section 3. Provision of Annual Financial Information.

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

b) If the Issuer is unable to provide to the National Repository the Annual Financial Information by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.

c) The Dissemination Agent shall:

i. each year file Annual Financial Information with the National Repository; and

ii. (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Financial Information has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

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

a) The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information filing shall contain unaudited financial statements of the type included in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Financial Information when they become available.

b) A table, schedule or other information prepared as of the end of the preceding fiscal year, of the type contained in the final Official Statement under the captions "Projected and Historical Statewide Receipts of the Tax and Average Per Student"; "Estimated Receipts of the Tax Available for Distribution – Per Pupil Basis"; "Estimated District - Future Sales, Services & Use Tax Receipts"; " District Enrollment"; "Historical and School Prior Tax Payments"; "School Infrastructure Sales, Services and Use Tax Revenue Debt Information"; and "Financial Information".

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

Section 5. Reporting of Significant Events.

a) Pursuant to the provisions of this Section, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than 10 Business Days after the day of the occurrence of the event:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material;
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Bonds, or material events affecting the tax-exempt status of the Bonds;
- vii. Modifications to rights of Holders of the Bonds, if material;
- viii. Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
- ix. Defeasances of the Bonds;
- x. Release, substitution, or sale of property securing repayment of the Bonds, if material;
- xi. Rating changes on the Bonds;
- xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
- xiii. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- xv. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- xvi. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

b) Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.

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

Section 6. Additional Filing. The Issuer's audited financial statements for fiscal year ending June 30, 2019 were not available for inclusion in the Final Official Statement. The Issuer agrees to file these audited financial statements in the same manner as the Annual Financial Information when they become available.

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

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

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

a) If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

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

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

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

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

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

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

Date: _____ day of _____, 2020.

WESTERN DUBUQUE COUNTY
COMMUNITY SCHOOL DISTRICT,
STATE OF IOWA

By: _____
President

ATTEST:

By: _____
Secretary of the Board of Directors

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE
O FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer: Western Dubuque County Community School District, Iowa.

Name of Bond Issue: \$_____ School Infrastructure Sales, Services and Use Tax
Revenue Bonds, Series 2020

Dated Date of Issue: February 10, 2020

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

Dated: _____ day of _____, 20____.

WESTERN DUBUQUE COUNTY
COMMUNITY SCHOOL DISTRICT,
STATE OF IOWA

By: _____
Its: _____

OFFICIAL BID FORM

Western Dubuque County Community School District
 310 4th Street SW
 P.O. Box 68
 Farley, IA 52046

January 13, 2020
Speer Financial, Inc.
 Facsimile: (319) 291-8628

Board of Education:

For the \$2,000,000* School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2020 (the "Bonds"), of the Western Dubuque County Community School District, Clayton, Delaware, Dubuque, Jackson and Jones Counties, Iowa (the "District"), as described in the annexed Official Terms of Offering, which is expressly made a part of this bid, we will pay you \$_____ (no less than \$1,980,000). The Bonds are to bear interest at the following respective rates (each a multiple of 1/8 or 1/100 of 1%) for the Bonds of each designated maturity.

AMOUNTS* AND MATURITIES – JUNE 1

\$645,0002021 _____% \$670,0002022 _____% \$685,0002023 _____%

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

Maturities: _____ Term Maturity _____

**Subject to principal adjustment in accordance with the Official Terms of Offering.*

In submitting this bid, we represent that (i) this bid constitutes a firm offer to purchase the Bonds, and (ii) we have an established industry reputation for underwriting new issuances of municipal bonds and notes.

The Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Ahlers & Cooney, P.C., Des Moines, Iowa. The District will pay for the legal opinion. **The Purchaser agrees to** pay the fee charged by the CUSIP Service Bureau and will accept the Bonds with the CUSIP numbers as entered on the Bonds.

As evidence of our good faith, if we are the winning bidder, we will wire transfer the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time to the District's good faith bank and under the terms provided in the Official Terms of Offering for the Bonds. Alternatively, we have wire transferred or enclosed herewith a check payable to the District in the amount of the Deposit under the terms provided in the Official Terms of Offering for the Bonds.

Attached hereto is a list of members of our account on whose behalf this bid is made.

Form of Deposit (Check One)

Prior to Bid Opening:
 Certified/Cashier's Check
 Wire Transfer

Within TWO Hours of Bid Opening:
 Wire Transfer

Amount: \$40,000

Account Manager Information

Underwriter/Bank _____

Address _____

Authorized Rep _____

City _____ State/Zip _____

Direct Phone (_____) _____

FAX Number (_____) _____

E-Mail Address _____

Bidders Option Insurance

<p>We have purchased insurance from: <u>Name of Insurer</u> (Please fill in)</p> <p>_____</p> <p>Premium: _____</p> <p>Maturities: (Check One) <input type="checkbox"/> _____ Years <input type="checkbox"/> All</p>
--

The foregoing bid was accepted and the Bonds sold by resolution of the District on January 13, 2020, and receipt is hereby acknowledged of the good faith Deposit which is being held in accordance with the terms of the annexed Official Terms of Offering.

ATTEST:

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
 Clayton, Delaware, Dubuque, Jackson and Jones Counties, Iowa

Secretary, Board of Education

President, Board of Education

-----NOT PART OF THE BID-----
 (Calculation of true interest cost)

Gross Interest	\$
Less Premium/Plus Discount	\$
True Interest Cost	\$
True Interest Rate	%
TOTAL BOND YEARS	4,656.67
AVERAGE LIFE	2.328 Years

OFFICIAL TERMS OF OFFERING

\$2,000,000*

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT Clayton, Delaware, Dubuque, Jackson and Jones Counties, Iowa

School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2020

The Western Dubuque County Community School District, Clayton, Delaware, Dubuque, Jackson and Jones Counties, Iowa, (the "District"), will receive electronic bids on the SpeerAuction ("SpeerAuction") website address "www.SpeerAuction.com" for its \$2,000,000* School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2020 (the "Bonds"), on an all or none basis between 10:30 A.M. and 11:00 A.M., C.S.T., January 13, 2020. To bid electronically, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the District's sale (as described below). The District will also receive sealed bids for the Bonds, on an all or none basis, at the District's Administrative Offices, 310 4th Street, S.W., Farley, Iowa, before 11:00 A.M., C.S.T., January 13, 2020. The District will also receive facsimile bids at (319) 291-8628 or (563) 744-3093 for the Bonds, on an all or none basis, before 11:00 A.M., C.S.T., January 13, 2020. Upon receipt, facsimile bids will be sealed and treated as sealed bids, and along with all other sealed bids will be publicly opened and, together with any electronic bids, read.

Award will be made or all bids rejected at a meeting of the District on that date. The District reserves the right to reject all bids, to reject any bid proposal not conforming to this Official Terms of Offering, and to waive any irregularity or informality with respect to any bid. Additionally, the District reserves the right to modify or amend this Official Terms of Offering; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Bonds are not general obligations of the District but special limited obligations of the District. The Bonds, currently Outstanding Bonds (as defined in the Official Statement for the Bonds), and any Additional Bonds (as defined in the Official Statement for the Bonds) which may be issued in the future, are payable only from the School Infrastructure Sales, Services and Use Tax (the "Tax Revenues") received by the District under Iowa Code Chapters 423E and 423F (the "Act"). THE BONDS SHALL NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE DISTRICT OR CHARGE AGAINST ITS GENERAL CREDIT OR GENERAL FUNDS. NEITHER THE FAITH AND CREDIT OF THE DISTRICT, THE COUNTY OR THE STATE OF IOWA NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE STATE OF IOWA OR ANY POLITICAL SUBDIVISION OF THE STATE OF IOWA, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO.

**ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER DETERMINATION OF BEST BID. The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the District or its designee after the determination of the Winning Bidder. The District may increase or decrease each maturity in increments of \$5,000, but the total amount to be issued will not exceed \$2,000,000. Interest rates specified by the Winning Bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the District.*

The dollar amount of the purchase price proposed by the Winning Bidder will be changed if the aggregate principal amount of the Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Bonds will be made while maintaining, as closely as possible, the Winning Bidder's net compensation, calculated as a percentage of bond principal. The Winning Bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the Winning Bidder.

Establishment of Issue Price (10% Test May Apply if Competitive Sale Requirements are Not Satisfied)

- (a) The winning bidder shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit A** to this Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the District and Ahlers & Cooney, P.C. (“Bond Counsel”). All actions to be taken by the District under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the District’s municipal advisor and any notice or report to be provided to the District may be provided to Speer Financial, Inc., Chicago, Illinois (“Speer”).
- (b) The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because:
 - (i) the District shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
 - (ii) all bidders shall have an equal opportunity to bid;
 - (iii) the District may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
 - (iv) the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in this Notice of Sale.

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

- (c) In the event that the competitive sale requirements are not satisfied, the District shall so advise the winning bidder. **The District will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity, though the winning bidder may elect to apply the “hold the offering price rule” (as described below). Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Unless a bidder intends to apply the “hold-the-offering-price rule” as described below, bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test (as described below) in order to establish the issue price of the Bonds.** If the competitive sale requirements are not satisfied, the 10% test shall apply to determine the issue price of each maturity of the Bonds unless the winning bidder shall request that the “hold-the-offering-price rule” (as described below) shall apply. The winning bidder must notify Speer of its intention to apply the “hold-the-offering-price rule” at or prior to the time the Bonds are awarded.
 - (i) If the winning bidder does not request that the “hold-the-offering-price rule” apply to determine the issue price of the Bonds, the following two paragraphs shall apply:

The District shall treat the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the District if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds.

Until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the District the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the Public. In addition, if the 10% test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the purchaser shall provide the District with a representation as to the price of prices, as of the date of closing, at which the purchaser reasonably expects to sell the remaining Bonds of such maturity.

- (ii) If the winning bidder does request that the “hold-the-offering-price rule” apply to determine the issue price of the Bonds, the following three paragraphs shall apply:

The District may determine to treat (i) pursuant to the 10% test, the first price at which 10% of a maturity of the Bonds is sold to the Public as the issue price of that maturity and/or (ii) the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the District if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The District shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule or both. Bids will *not* be subject to cancellation in the event that the District determines to apply the hold-the-offering-price rule to any maturity of the Bonds.

By submitting a bid, the winning bidder shall (i) confirm that the Underwriters have offered or will offer the Bonds to the Public on or before the date of award at the offering price or prices (the “*initial offering price*”), and (ii) agree, on behalf of the Underwriters participating in the purchase of the Bonds, that the Underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

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

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

- (d) By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (a) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of the fifth business day following the date of the award, and (ii) any agreement among Underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to (a) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires, which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of the fifth business day following the date of the award.
- (e) Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:
 - (i) “Public” means any person other than an Underwriter or a Related Party,
 - (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public including, specifically, the purchaser, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),

- (iii) a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “Sale Date” means the date that the Bonds are awarded by the District to the winning bidder.

Bond Details

The Bonds will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal and interest payments on the Bonds will be paid. Individual purchases will be in book-entry form only. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such Bond is registered at the close of business on the fifteenth day of the month next preceding an interest payment date on such bond. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Bond Registrar in West Des Moines, Iowa. Semiannual interest is due June 1 and December 1 of each year, commencing December 1, 2020 and is payable by UMB Bank, n.a., West Des Moines, Iowa (the “Bond Registrar”). The Bonds are dated the date of delivery (expected to be on or about February 10, 2020).

AMOUNTS* AND MATURITIES – JUNE 1

\$645,000	2021	\$670,000	2022	\$685,000	2023
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Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

The Bonds are **not** subject to optional redemption prior to maturity.

Method of Bidding Electronically

Notwithstanding the fact that the District permits receiving bids electronically using SpeerAuction, all bidders must have a signed, but uncompleted, Official Bid Form delivered to Speer Financial, Inc., Suite 608, 531 Commercial Street, Waterloo, Iowa, (319) 291-8628 facsimile, prior to the close of bidding to which a printout of the electronic bid will be attached and delivered to the District.

If bidding electronically, all-or-none bids must be submitted via the internet address www.SpeerAuction.com. The use of SpeerAuction shall be at the bidder’s risk and expense and the District shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bids.

To bid via the SpeerAuction webpage, bidders must first visit the SpeerAuction webpage where, if they have not previously registered with either SpeerAuction, Grant Street Group (the “Auction Administrator”) or any other website administered by the Auction Administrator, they may register and then request admission to bid on the Bonds. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid electronically.

The “Rules” of the SpeerAuction bidding process may be viewed on the SpeerAuction webpage and are incorporated herein by reference. Bidders must comply with the Rules of SpeerAuction in addition to the requirements of the District’s Official Terms of Offering. In the event the Rules of SpeerAuction and this Official Terms of Offering conflict, this Official Terms of Offering shall be controlling.

All electronic bids must be submitted on the SpeerAuction webpage. Electronic bidders may change and submit bids as many times as they choose during the sale period but may not delete a submitted bid. The last bid submitted by an electronic bidder before the deadline for receipt of bids will be compared to all other final bids to determine the winning bidder. During the bidding, no bidder will see any other bidder’s bid nor the status of their bid relative to other bids (e.g., whether their bid is a leading bid). The electronic bidder bears all risk of transmission failure. Any questions regarding bidding on the SpeerAuction website should be directed to Grant Street Group at (412) 391-5555 x 370.

Each bidder shall be solely responsible for making necessary arrangements to access SpeerAuction for purposes of submitting its internet bid in a timely manner and in compliance with the requirements of the Terms of Offering. The District is permitting bidders to use the services of the SpeerAuction solely as a communication mechanism to conduct the internet bidding and the SpeerAuction is not an agent of the District. Provisions of the Terms of Offering and Official Bid Form shall control in the event of conflict with information provided by the Internet Bid System.

Electronic Facsimile Bidding: Bids may be submitted via facsimile at (319) 291-8628 or (563) 744-3093. Electronic facsimile bids will be sealed and treated as sealed bids. Neither the District nor its agents will assume liability for the inability of the bidder to reach the above named fax numbers prior to the time of sale specified above. Transmissions received after the deadline will be rejected. Bidders electing to submit bids via facsimile transmission bear full and complete responsibility for the transmission of such bid. Neither the District nor its agents will assume responsibility for the inability of the bidder to reach the above specified fax number prior to the time of sale. Time of receipt shall be the time recorded by the person receiving the facsimile and shall be conclusive.

Bidding Parameters and Award of the Bonds

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The rates bid shall be in non-descending order. The differential between the highest rate bid and the lowest rate bid shall not exceed six percent (6%). All bids must be for all of the Bonds and must be for not less than \$1,980,000.

Award of the Bonds: The Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage or if all such bids are not submitted electronically, the winning bid shall be determined by lot.

The Bonds will be awarded to the bidder complying with the terms of this Official Terms of Offering whose bid produces the lowest true interest cost rate to the District as determined by the District’s Registered Municipal Advisor, which determination shall be conclusive and binding on all bidders; provided, that the District reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Electronic bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

The premium or discount, if any, is subject to pro rata adjustment if the maturity amounts of the Bonds are changed, maintaining, as close as possible, the same dollar amount of profit per \$1,000 bond as bid.

The true interest cost of each electronic bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the District's Municipal Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The District or its Municipal Advisor will notify the bidder to whom the Bonds will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-36. The winning bidder will be required to pay the standard MSRB charge for Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association ("SIFMA") will be required to pay SIFMA's standard charge per Bond.

Good Faith Deposit and Other Matters

The winning bidder is required to a wire transfer from a solvent bank or trust company to the District's good faith bank the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time as evidence of the good faith of the bidder. Alternatively, a bidder may submit its Deposit upon or prior to the submission of its bid in the form of a certified or cashier's check on, or a wire transfer from, a solvent bank or trust company for **TWO PERCENT OF PAR** payable to the Treasurer of the District. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received within such two hour time period provided that such winning bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award.

If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions:

Amalgamated Bank of Chicago
Corporate Trust
30 North LaSalle Street
38th Floor
Chicago, IL 60602
ABA # 071003405

Credit To: 3281 Speer Bidding Escrow

RE: Western Dubuque County Community School District, Clayton, Delaware, Dubuque, Jackson
and Jones Counties, Iowa bid for
\$2,000,000* School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2020

If the wire shall arrive in such account prior to the date and time of the sale of the Bonds. Contemporaneously with such wire transfer, the prospective purchaser shall send an email to biddingscrow@aboc.com with the following information: (1) indication that a wire transfer has been made, (2) the amount of the wire transfer, (3) the issue to which it applies, and (4) the return wire instructions if such prospective purchaser is not awarded the Bonds. The District and any prospective purchaser who chooses to wire the Deposit hereby agree irrevocably that Speer Financial, Inc. ("Speer") shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: (i) if the bid is not accepted, Speer shall, at its expense, promptly return the Deposit amount to the unsuccessful prospective purchaser; (ii) if the bid is accepted, the Deposit shall be forwarded to the District, (iii) Speer shall bear all costs of maintaining the escrow account and returning the funds to the prospective purchaser; (iv) Speer shall not be an insurer of the Deposit amount and shall have no liability except if it willfully fails to perform, or recklessly disregards, its duties specified herein; and (v) income earned on the Deposit, if any, shall be retained by Speer.

The District covenants and agrees to enter into a written agreement, certificate or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the District for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter.

The Underwriter's obligation to purchase the Bonds shall be conditioned upon the District delivering the Undertaking on or before the date of delivery of the Bonds.

The Bonds will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about February 10, 2020. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the District except failure of performance by the purchaser, the District may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser's interest in and liability for the Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the District, shall constitute a "Final Official Statement" of the District with respect to the Bonds, as that term is defined in the Rule. By awarding the Bonds to any underwriter or underwriting syndicate, the District agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded, up to 50 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The District shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the District it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful purchaser agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The District will, at its expense, deliver the Bonds to the purchaser in New York, New York (or arrange for "FAST" delivery) through the facilities of DTC and will pay for the bond attorney's opinion. At the time of closing, the District will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Bonds: (1) the legal opinion of Ahlers & Cooney, P.C., Des Moines, Iowa, that the Bonds are lawful and enforceable obligations of the District in accordance with their terms; (2) the opinion of said attorneys that the interest on the Bonds is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Bonds; and (3) a no litigation certificate by the District.

The District intends to designate the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b) (3) of the Internal Revenue Code of 1986, as amended.

The District has authorized the printing and distribution of an Official Statement containing pertinent information relative to the District and the Bonds. Copies of such Official Statement or additional information may be obtained from Mark Frasher, Business Manager, Western Dubuque County Community School District, 310 4th Street S.W., P.O. Box 68, Farley, Iowa, 52046 or an electronic copy of this Official Statement is available from the www.speerfinancial.com website under "Official Statement Sales/Competitive Calendar" or from the Registered Municipal Advisor to the District, Speer Financial, Inc., 531 Commercial Street, Suite 608, Waterloo, Iowa 50701 (telephone (319) 291-2077), and One North LaSalle Street, Suite 4100, Chicago, Illinois 60602 (telephone (312) 346-3700).

/s/ **MARK FRASHER**
Business Manager
WESTERN DUBUQUE COUNTY
COMMUNITY SCHOOL DISTRICT
Clayton, Delaware, Dubuque, Jackson
and Jones Counties, Iowa

EXHIBIT A

EXAMPLE ISSUE PRICE CERTIFICATE

[from bond counsel]

EXHIBIT A

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT, IOWA \$2,000,000 SCHOOL INFRASTRUCTURE SALES, SERVICES AND USE TAX REVENUE BONDS, SERIES 2020

ISSUE PRICE CERTIFICATE

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

1. Reasonably Expected Initial Offering Price.

a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Purchaser to purchase the Bonds.

b) Purchaser was not given the opportunity to review other bids prior to submitting its bid.

c) The bid submitted by Purchaser constituted a firm offer to purchase the Bonds.

2. Defined Terms.

a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is January 13, 2020.

d) *Underwriter* means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically

Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ahlers & Cooney, P.C., Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____
Name: _____

Dated: February 10, 2020

SCHEDULE A
EXPECTED OFFERING PRICES

(Attached)

SCHEDULE B

COPY OF UNDERWRITER'S BID

(Attached)

EXHIBIT A

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT, IOWA \$2,000,000 SCHOOL INFRASTRUCTURE SALES, SERVICES AND USE TAX REVENUE BONDS, SERIES 2020

ISSUE PRICE CERTIFICATE

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

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

a) The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

b) As set forth in the Terms of Offering, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

c) ***Holding Period*** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (January 13, 2020), or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

d) *Issuer* means Western Dubuque County Community School District.

e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is January 13, 2020.

h) *Underwriter* means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

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

[UNDERWRITER]

By: _____

Name: _____

Dated: February 10, 2020

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

(Attached)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION