



# **SOUTH HAMILTON**

## **COMMUNITY SCHOOLS**

**\$7,500,000\***

### **South Hamilton Community School District, Iowa**

#### **School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2026**

(Book Entry Only)  
(Bank Qualified)  
(PARITY© Bidding Available)  
(FAST closing)

DATE: Monday, April 27, 2026  
TIME: 11:00 AM CDST  
Place: Administration Building  
315 Division St.  
Jewell, IA 50130

Standard & Poor's Rating: "A"

\* preliminary, subject to change

## **PIPER | SANDLER**

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

**OFFICIAL BID FORM**

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

Re: \$7,500,000\* School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2026 dated the date of delivery, of the Issuer (the "Bonds")

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

<u>Coupon %</u>	<u>Yield %</u>	<u>Bonds Due</u>	<u>Coupon %</u>	<u>Yield %</u>	<u>Bonds Due</u>
_____	_____	June 1, 2027	_____	_____	June 1, 2035
_____	_____	June 1, 2028	_____	_____	June 1, 2036
_____	_____	June 1, 2029	_____	_____	June 1, 2037
_____	_____	June 1, 2030	_____	_____	June 1, 2038
_____	_____	June 1, 2031	_____	_____	June 1, 2039
_____	_____	June 1, 2032	_____	_____	June 1, 2040
_____	_____	June 1, 2033	_____	_____	June 1, 2041
_____	_____	June 1, 2034	_____	_____	June 1, 2042

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

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

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

\_\_\_\_\_ We will not elect to have any bonds issued as term bonds

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

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

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

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

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

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

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

The foregoing offer is hereby accepted by and on behalf of the South Hamilton Community School District in the Counties of Boone and Hamilton, State of Iowa, this 27th day of April 2026.

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

\_\_\_\_\_  
President

\* Subject to change

## OFFICIAL TERMS OF OFFERING

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

The Bonds: The Bonds to be offered are the following:

**SCHOOL INFRASTRUCTURE SALES, SERVICES AND USE TAX REVENUE BONDS** in the principal amount of \$7,500,000 (See Adjustment paragraph immediately below)\*, dated the date of delivery (the "Dated Date") in the denomination of \$5,000 or multiples thereof, and maturing as shown on the front cover of the official statement.

\* Adjustment to Principal Amount After Determination of Best Bid Each scheduled maturity of the Bonds is subject to increase or decrease. Such adjustments shall be made promptly after the sale and prior to the award of bids by the issuer and shall be in the sole discretion of the Issuer. The Issuer shall only make such adjustments in order to size the Bonds to provide enough funds to match actual known project costs received at bid on same date and to assure reasonable debt service coverage is met. To cooperate with any adjustment in the principal amounts, the Successful Bidder is required, as a part of its bid, to indicate its Initial Reoffering Yield and Initial Reoffering Price on each maturity of the Bonds (said price shall be calculated to the date as indicated by the Issuer). The total par amount of this issue will not exceed \$7,500,000.

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

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

Optional Redemption: The Bonds maturing after June 1, 2033, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Interest: Interest on said Bonds will be payable semiannually on each June 1 and December 1, beginning December 1, 2026 calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or a such other address as is furnished to the Paying Agent in writing by a registered owner.

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

Good Faith Deposit: A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a wire in the amount of \$75,000 for the Bonds, payable to the order of the Issuer is required. If a check is used, it must accompany each bid. If a wire is to be used, it must be received by the Issuer not later than two hours after the time stated for receipt of bids. The Municipal Advisor or the Issuer will provide the apparent winning bidder (the "Purchaser") with wiring instructions, by facsimile or email, within 10 minutes after the stated time when bids are due. If the wire is not received at the time indicated above, the Issuer will abandon its plan to award to the Purchaser ("Purchaser"), and will contact the next highest bidder received and offer said bidder the opportunity to become the Purchaser, on the terms as outlined in said bidder's bid, so long as said bidder submits a good faith wire within two hours of the time offered. The Issuer will not award the Bonds to the Purchaser absent receipt of the Deposit prior to action awarding the Bonds. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its bid, the Deposit will be retained by the Issuer.

Form of Bids: All bids shall be unconditional for the entire issue of Bonds for a price of not less than 98.20% of par, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth herein. Bids must be submitted on or in substantial compliance with the Official Bid Form provided by the Issuer or through the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bid, facsimile facilities or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

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

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

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

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

Electronic Facsimile Bidding: Facsimile Bids will not be accepted.

Sealed Bidding: Sealed bids may be submitted and will be received in the office of the Superintendent, South Hamilton Community School District, 315 Division St, Jewell, IA.

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

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

Rates must be in level or ascending order only for 2033-2044 maturities.

No rate bid for maturities 2027-2032 may be more than 2% greater than another rate.

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

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

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

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

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

bid.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

the transferability and liquidity of the Bonds and their market price.

For more information on this see Continuing Disclosure herein.

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

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



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

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

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

REFERENCES TO WEBSITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS OFFICIAL STATEMENT FOR PURPOSES OF, AND AS THAT TERM IS DEFINED IN, SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12.

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

## FORWARD-LOOKING STATEMENTS

This Official Statement, including Appendix A, contains statements which should be considered “forward-looking statements,” meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as “anticipated,” “plan,” “expect,” “projected,” “estimate,” “budget” “pro forma,” “forecast,” “intend,” or similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS TO DIFFER. THE ISSUER DOES NOT EXPECT OR INTEND TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (iii) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE.

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

**OFFICIAL STATEMENT**  
**\$7,500,000\* SCHOOL INFRASTRUCTURE SALES, SERVICES AND USE TAX REVENUE BONDS, SERIES 2026**  
**SOUTH HAMILTON COMMUNITY SCHOOL DISTRICT, IOWA**

**INTRODUCTORY STATEMENT**

This Official Statement presents certain information relating to the South Hamilton Community School District, Iowa (the “District” or the “Issuer”), in connection with the sale of the Issuer’s School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2026 (the “Bonds”). Proceeds of the Bonds will be used i) to construct, furnish, and equip an auxiliary gymnasium addition to the school building, including related site improvements; ii) to establish and fund a Debt Service Reserve Fund, and iii) to pay costs of issuance for the Bonds (the “Project”). See “**THE PROJECT**” herein. The Bonds will be issued pursuant to a resolution authorizing the issuance of the Bonds expected to be adopted by the Board of Directors (the “Board”) of the Issuer on or about May 11, 2026 (the “Resolution”).

Prior to the adoption by the Iowa Legislature (the “Legislature”) of Chapter 423F of the Code of Iowa, as amended (the “Act”), voters in Boone and Hamilton Counties, authorized a school infrastructure local option sales and services tax to be used for school infrastructure purposes. Under the Act, all prior school infrastructure local option sales and services taxes were repealed on July 1, 2008, in favor of a new statewide one cent school infrastructure sales, services & use tax (the “Tax”). Under the provisions of the Act, school corporations are authorized to issue Sales Tax Revenue Bonds payable from the receipt of such Tax revenues (the “Tax Revenues”) for certain purposes, and for certain periods of time, set forth in the Act. See “**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**” herein.

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

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

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

The Bonds are special, limited obligations payable solely from the Tax Revenues received by the Issuer and certain funds pledged to the payment thereof in the Resolution. See “**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS.**”

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

**CERTAIN BONDHOLDERS’ RISKS**

An investment in the Bonds 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 Preliminary Official Statement (including the appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment. This information is based on current information available to the Issuer that may be incomplete and unknown. This information was derived using certain assumptions and methodologies, and includes unaudited financial information and projections. Some of this information is forward-looking and subject to change.

**Limited Obligations**

The Bonds are not general obligations of the Issuer but are special limited obligations of the Issuer. The Bonds are payable only from (1) the Tax Revenues received by the Issuer, (2) the Sinking Fund (as defined herein) and (3) the Debt Service Reserve Fund (as defined herein), each of which are pledged to the repayment of the Bonds. **THE BONDS SHALL NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR CHARGE AGAINST ITS GENERAL CREDIT OR GENERAL FUNDS. NEITHER THE FAITH AND CREDIT OF THE ISSUER, THE COUNTY, NOR THE STATE OF IOWA NOR THE GENERAL TAXING POWER OF THE ISSUER, THE STATE OF IOWA OR ANY POLITICAL SUBDIVISION OF THE STATE OF IOWA, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO.** See “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**” herein.

\* Preliminary, subject to change

## **Estimated Tax Revenues**

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

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

## **Enrollment Trends**

Tax Revenues received are based on the certified enrollment of the Issuer as described herein. Changes in enrollment, whether up or down, will impact Tax Revenues received, the impact of which could be material. Deterioration in long term enrollment or increases in statewide enrollments not matched by increases in enrollments in the Issuer will potentially reduce the actual amount of the Tax Revenues received, and that reduction could materially alter the Issuer’s ability to repay the Bonds. See “**ESTIMATED DEBT SERVICE AND COVERAGE ON THE BONDS**” and “**HISTORICAL RESIDENT ENROLLMENT IN THE SCHOOL DISTRICT**” herein.

## **Economic Conditions**

The Tax is being collected generally on the same basis as the State of Iowa (the “State”) retail sales and services tax, subject to certain exceptions. See “**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**” herein. The Tax may not be levied on the sale of property or on any service not taxed by the State. A wide variety of economic and other conditions could cause fluctuations affecting the volume of taxable sales and services within the State which would then affect the Issuer’s receipt of the Tax Revenues. The following factors, among others, may affect the economic climate of the State and the volume of taxable sales and services originated in the State (and therefore the amount of Tax Revenues collected by the State and distributed to the Issuer), to an extent which cannot be determined at this time:

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

## **The Revenue Purpose Statement**

The Act provides that a school corporation may use Tax Revenues for school infrastructure purposes, as authorized pursuant to a Revenue Purpose Statement (the “RPS”) which must be approved by the voters at a special election held for such purpose. The voters of the Issuer approved the RPS at an election held on March 4, 2024. The RPS describes the permitted uses of the Tax Revenue and is effective until January 1, 2051 unless repealed or amended. The RPS may be amended from time to time by the voters in the Issuer’s boundaries. However, the RPS may not be amended in a way that would cause the school corporation to be unable to use Tax Revenues to repay validly issued School Infrastructure Sales, Services & Use Tax Revenue Bonds, including the Bonds.

## **Legislative Revisions of the Act**

A tax was originally enacted during the 1998 session of the Iowa General Assembly to set forth conditions under which bonds payable from a local sales and services tax may be issued (the “Prior Tax”) and was amended by the General Assembly on multiple occasions after its enactment. The Act was initially enacted to repeal the Prior Tax effective July 1, 2008. Potential purchasers of the Bonds should recognize that the Act may be amended further while the Bonds are outstanding, and such legislation could materially revise the current provisions of the Act relating to the collection, payment, application, receipt or distribution of the Tax Revenues to the Issuer, subject to constitutional restraints on impairment of contracts. It cannot be predicted whether or in what form any proposal might be enacted or whether if enacted, it would apply to the Bonds issued prior to enactment. Any such legislative amendments could adversely affect the Issuer’s ability to make timely payments of principal of and interest on the Bonds. Bond Counsel, Disclosure Counsel, the Municipal Advisor, Counsel to the Municipal Advisor, the Issuer or the Underwriter do not express any opinion regarding any pending or proposed legislation related to the Act.

In 2019, House File 546 was signed into law (“2019 Act”) extending the Tax from December 31, 2029 to January 1, 2051. Provisions in the 2019 Act include an increase in the amount of the tax that is dedicated toward property tax relief, among others, under specific conditions related to the overall annual growth in the Tax, additional public hearing processes, expanded definition of “school infrastructure” and voter re-approval required for revenue purpose statements. Under the 2019 Act, an existing RPS approved by the voters of a school district before July 1, 2019 shall terminate on January 1, 2031 or the expiration date contained in the current RPS, whichever is earlier. On March 4, 2024, voters in the Issuer approved the current RPS, which expires when the Tax sunsets on January 1, 2051. The Project is an authorized school infrastructure project under the RPS.

In 2022, the Department’s method of distributing Tax Revenues received was amended. The Act requires the Department to, annually prior to August 15, estimate the amount of revenue that will be remitted to the school corporations for the fiscal year beginning each July 1. Historically, the Department was required to remit 95% of the annual estimate of Tax revenues to be remitted to the school corporations in monthly installments over the fiscal year, and was allowed to retain 5% of the estimate until the end of the fiscal year, at which time the Department would complete an audit of the actual receipts and the actual remittances of the Tax. The Department would then reconcile the difference between the actual receipts and the estimated remittances and would remit the remaining balance to the school corporations on or around November 1 for the fiscal year ending the previous July 30 (the “Reconciliation Payment”). It was possible for the Reconciliation Payment to be a negative number if actual receipts were less than expected receipts by an amount greater than 5%. Beginning with the October 2022 transfer, the Department began transferring the actual amount of Tax Revenue attributable to each school corporation for the Tax Revenue remitted in the preceding month which eliminates the Reconciliation Payment.

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

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

In 2023 the State of Iowa adopted Legislation (“HF68”) that establishes a general fund appropriation for an Education Savings Account Fund (the “Fund”) under the control of the Iowa Department of Education (the “Department of Education”). The Fund must be used to establish individual accounts for participating pupils and to make qualified education savings account payments on behalf of parents and guardians, including payment for nonpublic school tuition, textbooks, software, fees, curriculum materials, and other similar expenses. As of July 1, 2025, all students attending a nonpublic school became eligible for participation beginning fiscal year ending June 30, 2026.

The annual amount per account in the Fund is determined by the State Cost Per Pupil (SCPP) for that fiscal year and changes each year based on the State Percent of Growth (SPG). For fiscal year ending June 30, 2026, the SCPP is \$7,988, which amount will be deposited into the Fund, instead of being sent to the Issuer, for each qualifying student within the Issuer attending a nonpublic school. HF68 provides that a school district is funded in an amount of \$1,176 per student for resident pupils who attend a nonpublic school. According to the Department of Education, there were 0 students who resided within the boundaries of the Issuer but attended non-public schools for the 2022-23 school year; 4 students for the 2023-24 school year; 3 students for the 2024-25 school year and 5 students for the 2025-26 school year. It is unknown how many additional students, if any, will attend non-public schools in future years, as HF68 is implemented. If a significant number of eligible students in the Issuer transition to non-public schools, it could have an adverse impact on the Issuer’s finances given the reduction in per student funding the Issuer would otherwise receive. See “**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**” and “**ESTIMATED FUTURE SALES, SERVICES AND USE TAX RECEIPTS**” herein.

### **Additional Debt and Parity Bonds**

The Resolution permits the Issuer to incur additional indebtedness under certain circumstances, including bonds, notes or other obligations payable solely from the Tax Revenues on an equal basis with the Bonds, and any Additional Bonds (as defined herein) as authorized to be issued under the terms of the Resolution (the “Parity Bonds”) that could have a lien on the Tax Revenues on a parity basis with the lien securing the Bonds herein. Such additional debt could increase the Issuer’s debt service and repayment requirement in a manner which would adversely affect debt service coverage on the Bonds.

### **Debt Payment History**

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

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

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

could be substantially different from the original purchase price of the Bonds.

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

### **Ratings**

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

### **Matters Relating to Enforceability of Agreements/Limitation or Delay in Remedies**

There is no Bond trustee or similar person to monitor or enforce the provisions of the Resolution for the Bonds. The owners of the Bonds should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the Resolution) may have to be enforced from year to year. Holders of the Bonds shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the 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 owners of the Bonds upon an event of default under the Resolution, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the federal bankruptcy code, certain of the remedies specified in the Resolution may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

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

### **Pension and OPEB Information**

The Issuer contributes to the Iowa Public Employees' Retirement System ("IPERS"), which is a state-wide multiple-employer cost-sharing defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. All full-time employees of the Issuer are required to participate in IPERS. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The IPERS Annual Comprehensive Financial Report for its fiscal year ended June 30, 2025 (the "IPERS ACFR"), indicates that as of June 30, 2025, the date of the most recent actuarial valuation for IPERS, the funded ratio of IPERS was 92.17%, and the unfunded actuarial liability was approximately \$3.841 billion. The IPERS ACFR identifies the IPERS Net Pension Liability at June 30, 2025, at approximately \$2.323 billion, while its net pension liability at June 30, 2024, was approximately \$3.641 billion. The IPERS ACFR is available on the IPERS website, or by contacting IPERS at 7401 Register Drive, Des Moines, IA 50321. See "**APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER**" for additional information on IPERS.

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

In fiscal year ended June 30, 2025, the Issuer's IPERS contribution totaled approximately \$487,235. The Issuer is current in its obligations to IPERS. Pursuant to Governmental Accounting Standards Board Statement No. 68, IPERS has allocated the net pension liability among its members, with the Issuer's identified portion at June 30, 2025, at approximately \$2,086,834. While the Issuer's contributions to IPERS are controlled by state law, there can be no assurance the Issuer will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the Issuer. See "**APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER**" for additional information on pension and liabilities of the Issuer.

## Forward-Looking Statements

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

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

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

The Issuer will designate the Bonds as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) and has further covenanted to comply with certain other requirements, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

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

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

## DTC-Beneficial Owners

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

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

## Redemption Prior to Maturity/Loss of Premium from Redemption

In considering whether the Bonds might be redeemed prior to maturity, Bondholders should consider the information included in this Preliminary Official Statement under the heading “**THE BONDS – Redemption.**” Any person who purchases the Bonds at a price in excess of their principal amount or who holds such Bonds trading at a price in excess of par should consider the fact that the Bonds are subject to redemption prior to maturity at the redemption prices described herein in the event such Bonds are redeemed prior to maturity.

## Cybersecurity

The Issuer, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computers or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Issuer will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the Issuer’s information systems could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant. Along with significant liability claims or regulatory penalties, any security breach could have a material adverse impact on the Issuer’s operations and financial condition.

The Issuer maintains cyber security insurance coverage. The Issuer cannot predict whether this coverage would be sufficient in the event of a cyber incident.

### **Environmental and Climate-Related**

Due to recent increases in the frequency and intensity of extreme weather events and natural disasters, the Issuer and its residents and businesses may experience operational disruptions and increased costs for mitigation and recovery. The increased costs of risk-mitigation and recovery efforts cannot be determined with certainty due to the multiple factors associated with these costs, including but not limited to, the future frequency and intensity of these events, future legal and regulatory requirements, the costs of labor and materials used in mitigation and recovery, insurance rates and available coverages, and the level of state and federal assistance available.

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

No representation is made as to the future financial condition of the Issuer. Certain risks discussed herein could adversely affect the financial condition and/or operations of the Issuer in the future. For fiscal year ending June 30, 2025, the auditor noted material weaknesses in internal controls, which are described in more detail in the audited financial statements attached as Appendix D.

### **Continuing Disclosure**

A failure by the Issuer to comply with the continuing disclosure obligations (see “CONTINUING DISCLOSURE” herein) will not constitute an event of default on the Bonds. Any such failure must be disclosed in accordance with the Rule and may adversely affect the transferability and liquidity of the Bonds and their market price.

### **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 creditors’ rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State of Iowa. The various opinions of counsel to be delivered with respect to the Bonds and the Resolution, including the opinion of Bond Counsel, will be similarly qualified. If the Issuer were to file a petition under Chapter Nine of the Federal Bankruptcy Code, the owners of the Bonds could be prohibited from taking any steps to enforce their rights under the Resolution. In the event the Issuer fails to comply with its covenants under the Resolution or fails to make payments on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Bonds.

Under sections 76.16 and 76.16A of the Iowa Code, 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 Iowa Code, or other political subdivision.

### **Project Completion/Risks of Construction**

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

### **Damage or Destruction to Issuer’s Facilities**

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

## **General Liability Claims**

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

## **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.

## **Risks as Employer**

The Issuer is a major employer, combining a mix of full-time faculty, part-time faculty, technical and clerical support staff and other types of workers in a single operation. As with all large employers, the Issuer bears a wide variety of risks in connection with its employees. These risks include discrimination claims, personal tort actions, work-related injuries, exposure to hazardous materials, interpersonal torts (such as between employees or between employees and students) and other risks that may flow from the relationships between employer and employee or between students and employees. Certain of these risks are not covered by insurance, and certain of them cannot be anticipated or prevented.

## **Proposed Federal Tax Legislation**

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

## **Risk of Audit**

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

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

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

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

## **Summary**

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

## SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

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

#### Authorization

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

On March 4, 2024, voters in the school district approved the current RPS, which expires when the Tax sunsets on January 1, 2051. The Project is an authorized school infrastructure project under the RPS.

#### Issuance of Bonds

Under provisions of the Act, school corporations are authorized to issue sales tax revenue bonds payable from Tax Revenues. A school district receiving Tax Revenues may issue bonds in anticipation of the receipt of Tax Revenues and may pledge irrevocably an amount of Tax Revenues for each of the years the bonds remain outstanding to the payment of such bonds. Bonds may be issued only for one or more of the purposes set forth in the RPS as approved by the electors of the Issuer. Prior to the issuance of sales tax revenue bonds, school districts must hold a public hearing on the proposal to issue such bonds and must publish a notice of hearing not less than ten (10) nor more than twenty (20) days prior to such hearing. If a valid petition is received prior to fifteen (15) days after the public hearing requesting an election on the issuance of the bonds, the school district must either submit the question of issuing the bonds to an election of the voters or abandon the issuance of bonds.

The hearing on the issuance of the Bonds and the use of Tax Revenues for the infrastructure project was held on July 14, 2025. No petition was received requesting an election on the issuance of the Bonds or on the use of Tax Revenues for the project.

#### Imposition and Collection

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

The Tax is collected by the retailers in the State and remitted at the end of each calendar month to the State. The Department remits the Tax to the school corporations on the last day of the next month. The Act requires the Department to, annually prior to August 15, estimate the amount of revenue that would be remitted to the school corporations for the fiscal year beginning each July 1. The Department transfers monthly to each school corporation the actual amount of Tax Revenue remitted to the Department attributable to the school corporation from the preceding month.

The Tax is remitted to each school corporation in the State based on actual enrollment for the fiscal year in question. The actual enrollment for a fiscal year is determined by a count of those students registered to attend the school corporation as of the previous October 1, or the Monday following if October 1 is on a Saturday or Sunday (as amended from time to time in the future by the Legislature). Each school corporation receives an equal amount of revenue from the Tax, per student, and all taxes collected under the Tax will be remitted to each school corporation based on their actual enrollment as a percentage of the total enrollment in the State.

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

**HISTORICAL AND ESTIMATED STATEWIDE RECEIPTS OF THE TAX**

Presented below is the actual or estimated receipts of the Tax by the State and the allocations to the various funds pursuant to the 2019 Act, as discussed herein:

<u>Fiscal Year</u>	<u>Total Collections</u>	<u>Allocated to PTR</u>	<u>Allocated to Career Academies</u>	<u>Allocated to schools</u>
2026	\$707,249,902	\$50,214,743	\$5,000,000	\$652,035,159
2025	694,062,710	49,278,452	5,000,000	639,784,258
2024	687,794,332	41,930,132	5,000,000	640,864,200
2023	626,759,000	38,232,299	5,000,000	583,526,701
2022	632,076,590	32,235,906	5,000,000	594,840,684

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

<u>Fiscal Year</u>	<u>Original State Estimate (1)</u>	<u>Statewide Disbursements (1)(2)</u>	<u>Statewide Enrollment (3)</u>	<u>Average Revenue per Student (4)</u>
2021	\$499,356,865	\$544,786,628	490,094	\$1,111.60
2022	540,481,659	594,840,684	484,159	1,228.61
2023	598,208,742	583,526,701	485,630	1,201.59
2024	600,005,449	640,864,200	486,476	1,317.36
2025	661,436,255	639,784,258	483,699	1,322.69
2026	652,679,943	652,679,943	480,665	1,357.87

- (1) Fiscal Year 2026 is a preliminary estimate, subject to change, as provided by the Department
- (2) Historical Payments through Fiscal Year 2025 as provided by the Department
- (3) Statewide Enrollment count is from the Prior October Count (i.e. the October 1, 2024 count is used for distributing Tax Revenues in Fiscal Year 2026)
- (4) Revenue calculations are provided on an accrual basis
- (5) FY2026 revenue per pupil estimate provided by the Department at \$1,357.87 and may be different than the actual distribution.

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

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

<u>Fiscal Year (6/30)</u>	<u>Total Revenues (1)(5)</u>	<u>Total Enrollment (3)</u>	<u>Average Revenue Per Student (5)(6)</u>
2026	\$652,679,943	480,665	\$1,357.87
2027 & thereafter	\$652,679,943	473,329	\$1,378.91

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

<u>Fiscal Year (6/30)</u>	<u>Total Revenues (1)(2)</u>	<u>Total Enrollment (3)</u>	<u>Average Revenue Per Student</u>
2027	\$662,470,142	473,329	1,399.60
2028	672,407,194	473,329	1,420.59
2029	682,493,302	473,329	1,441.90
2030	692,730,702	473,329	1,463.53
2031	703,121,662	473,329	1,485.48
2032	713,668,487	473,329	1,507.76
2033	724,373,514	473,329	1,530.38
2034	735,239,117	473,329	1,553.33
2035	746,267,704	473,329	1,576.64
2036	757,461,719	473,329	1,600.28
2037	768,823,645	473,329	1,624.29
2038	780,356,000	473,329	1,648.65
2039	792,061,340	473,329	1,673.38
2040	803,942,260	473,329	1,698.48
2041	816,001,394	473,329	1,723.96
2042	828,241,415	473,329	1,749.82
2043	840,665,036	473,329	1,776.07
2044	853,275,012	473,329	1,802.71
2045	866,074,137	473,329	1,829.75
2046	879,065,249	473,329	1,857.20
2047	892,251,228	473,329	1,885.05
2048	905,634,996	473,329	1,913.33
2049	919,219,521	473,329	1,942.03
2050	933,007,814	473,329	1,971.16
2051	473,501,465	473,329	2,000.73

- (1) Effective July 1, 2019 the Tax expires January 1, 2051 and schools will receive revenues for only one-half of Fiscal Year 2051
- (2) The assumption for growth in retail sales is based on an estimated growth rate of 1.50%. The statewide average percentage increases on a 25-year, 10-year, and 5-year historical basis were 2.564%, 1.835%, and 2.285% respectively.
- (3) For Fiscal Year 2027, the enrollment assumes no changes from the October 1, 2025 certified enrollment count.
- (4) Revenue calculations are provided on an accrual basis and not cash basis.
- (5) Fiscal Year 2027 and thereafter Total Revenues assume no growth from Fiscal Year 2026 original estimate.
- (6) Fiscal Year 2026 average revenue per pupil estimate as provided by the Department using the October 1, 2024 certified enrollment. Fiscal Year 2027 average revenue per pupil estimate is calculated as of the Fiscal Year 2026 total statewide revenues divided by October 1, 2025 certified enrollment.

**CALCULATIONS OF FISCAL YEAR TOTAL COLLECTIONS**

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

**HISTORICAL RESIDENT ENROLLMENT IN THE SCHOOL DISTRICT**

<u>Count Date October 1</u>	<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Count Date October 1</u>	<u>Fiscal Year</u>	<u>Enrollment</u>
2001	2002-03	780.1	2014	2015-16	653.5
2002	2003-04	759.2	2015	2016-17	651.3
2003	2004-05	759.9	2016	2017-18	638.2
2004	2005-06	768.8	2017	2018-19	637.1
2005	2006-07	781.4	2018	2019-20	629.9
2006	2007-08	773.3	2019	2020-21	639.4
2007	2008-09	757.2	2020	2021-22	620.6
2008	2009-10	699.2	2021	2022-23	631.3
2009	2010-11	691.0	2022	2023-24	626.7
2010	2011-12	687.3	2023	2024-25	608.5
2011	2012-13	675.6	2024	2025-26	609.6
2012	2013-14	662.3	2025	2026-27	625.2
2013	2014-15	653.9			

**ACTUAL HISTORIC SALES, SERVICES & USE TAX REVENUE RECEIPTS (1) (2)**

Presented below is a table illustrating the actual Tax Revenues received by the Issuer for the period indicated on an accrual basis:

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Approximate Per Student</u>
2005	\$344,028	\$453
2006	\$389,709	\$507
2007	\$418,994	\$536
2008	\$456,097	\$590
2009	\$404,195	\$534
2010	\$438,240	\$627
2011	\$487,429	\$705
2012	\$511,976	\$745
2013	\$555,677	\$822
2014	\$597,904	\$903
2015	\$603,294	\$923
2016	\$616,211	\$943
2017	\$612,002	\$940
2018	\$620,707	\$973
2019	\$634,055	\$995
2020	\$653,080	\$1,037
2021	\$710,757	\$1,112
2022	\$762,475	\$1,229
2023	\$758,122	\$1,201
2024	\$825,590	\$1,317
2025	\$804,870	\$1,323
2026*	\$827,758	\$1,358

*\*Estimated for FY2026*

(1) Source: Iowa Department of Revenue  
 (2) Fiscal Year 2026 revenues are estimated and provided by the Iowa Department of Revenue.

**ESTIMATED FUTURE SALES, SERVICES & USE TAX RECEIPTS**

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

Fiscal Year	Estimated Collection	Estimated Collection
	Without Growth	With Growth
	(1) (3)	(2) (3)
2027	862,039	874,974
2028	862,039	888,099
2029	862,039	901,420
2030	862,039	914,941
2031	862,039	928,665
2032	862,039	942,595
2033	862,039	956,734
2034	862,039	971,085
2035	862,039	985,652
2036	862,039	1,000,436
2037	862,039	1,015,443
2038	862,039	1,030,675
2039	862,039	1,046,135
2040	862,039	1,061,827
2041	862,039	1,077,754
2042	862,039	1,093,920

- (1) Assumes revenue per pupil as outlined in “ESTIMATED RECEIPTS OF THE TAX AVAILABLE FOR DISTRIBUTION – PER PUPIL BASIS – Table I” herein. Assumes no enrollment decline or increase of students per year from October 1, 2025 count used for Fiscal Year 2027 and thereafter.
- (2) Assumes revenue per pupil increase as outlined in “ESTIMATED RECEIPTS OF THE TAX AVAILABLE FOR DISTRIBUTION – PER PUPIL BASIS – Table II” herein
- (3) Assumes no increase or decrease in certified enrollment from the October 2025 count used for Fiscal Year 2027.

**ESTIMATED DEBT SERVICE AND COVERAGE ON THE BONDS (2)**

Presented below are the annual debt service requirements on the Outstanding Bonds, the estimated annual debt service requirement on the Bonds and the estimated debt service coverage on the Bonds and the Outstanding Bonds, on an accrual basis:

Fiscal Year	Estimated P&I Payments	No Growth Assumed		Growth Assumed	
		Estimated Collections	Estimated Coverage	Estimated Collections	Estimated Coverage
	(1)	(2)	(3)	(2)	(4)
2027	658,500	862,039	1.31	874,974	1.33
2028	650,720	862,039	1.32	888,099	1.36
2029	651,020	862,039	1.32	901,420	1.38
2030	655,690	862,039	1.31	914,941	1.40
2031	654,520	862,039	1.32	928,665	1.42
2032	652,720	862,039	1.32	942,595	1.44
2033	655,290	862,039	1.32	956,734	1.46
2034	652,020	862,039	1.32	971,085	1.49
2035	653,120	862,039	1.32	985,652	1.51
2036	653,380	862,039	1.32	1,000,436	1.53
2037	652,800	862,039	1.32	1,015,443	1.56
2038	651,380	862,039	1.32	1,030,675	1.58
2039	654,120	862,039	1.32	1,046,135	1.60
2040	655,810	862,039	1.31	1,061,827	1.62
2041	651,450	862,039	1.32	1,077,754	1.65
2042	651,250	862,039	1.32	1,093,920	1.68
	10,453,790				

- (1) Represents estimated Debt Service on the Bonds. Preliminary, subject to change.
- (2) Future revenue estimates assume no enrollment decline or increase of students per year from October 1, 2025 count used for Fiscal Year 2027. Fiscal Year 2027 revenue estimates are based upon the October 1, 2025 count.
- (3) Assumes revenue per pupil as outlined in "ESTIMATED RECEIPTS OF THE TAX AVAILABLE FOR DISTRIBUTION – PER PUPIL BASIS – Table I" herein and District receipt estimates as outlined in "ESTIMATED FUTURE SALES, SERVICES & USE TAX RECEIPTS"
- (4) Assumes revenue per pupil as outlined in "ESTIMATED RECEIPTS OF THE TAX AVAILABLE FOR DISTRIBUTION – PER PUPIL BASIS – Table II" herein and District receipt estimates as outlined in "ESTIMATED FUTURE SALES, SERVICES & USE TAX RECEIPTS"

**Summary of Bond Resolution**

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

- "Act" shall mean Iowa Code Chapter 423F, as from time to time amended and supplemented.
- "Additional Bonds" shall mean any obligation payable from School Infrastructure Tax Revenues issued on a parity with the Bonds in accordance with the provisions of this Resolution.
- "Authorized Denominations" shall mean \$5,000 or any integral multiple thereof.
- "Bond Proceeds" shall mean the amount actually received from the sale of the Bonds and paid to the Issuer on the Closing Date.
- "Bond(s)" shall mean \$ \_\_\_\_\_ School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2026, authorized to be issued by this Resolution.
- "Closing Date" shall mean the date of the delivery of the Bonds in exchange for the agreed upon purchase price.
- "Debt Service Fund" shall mean the Sinking Fund.
- "Economic Refunding" shall mean the sale and issuance of refunding bonds issued to discharge and satisfy all or a part of the Bonds or the Outstanding Bonds in accordance with Section 20 of this Resolution, and to pay costs of issuance. The refunding must (i) produce annual debt service on the refunding bonds not greater than the total (remaining) debt service on the refunded bonds; (ii) shall not have a payment in any Fiscal Year (through maturity of the new bonds) that is greater than the payment on the Bonds or Outstanding Bonds being refunded, and (iii) shall not extend the final maturity of the refunded bonds.
- "Fiscal Year" shall mean the twelve-month period beginning on July 1 of each year and ending on the last day of June of the following year, or any other consecutive twelve-month period adopted by the Governing Body or by law as the official accounting period of the Issuer. Requirements of a Fiscal Year as expressed in this Resolution shall exclude any payment of principal or interest falling due on the first day of the Fiscal Year and include any payment of principal or interest falling due on the first day of the succeeding Fiscal Year.

- "Governing Body" shall mean the Board of Directors of the School District.
- "Independent Auditor" shall mean an independent firm of Certified Public Accountants, an independent financial consultant, placement agent representing the Issuer, Municipal Advisor, or the Auditor of State.
- "Issuer" and "School District" shall mean the South Hamilton Community School District, counties of Hamilton And Boone, State of Iowa.
- "Parity Bonds" shall mean School Infrastructure Sales, Services and Use Tax Revenue Bonds, notes or other obligations payable solely from the School Infrastructure Tax Revenues on an equal basis with the Bonds and shall include Additional Bonds as authorized to be issued under the terms of this Resolution.
- "Paying Agent" shall mean UMB Bank, N.A., or such successor as may be approved by Issuer as provided herein and who shall carry out the duties prescribed herein as Issuer's agent to provide for the payment of principal of and interest on the Bonds as the same shall become due.
- "Project" shall mean a school infrastructure project as authorized by the electors at the election held March 5, 2024 and the Act, including to construct, furnish, and equip an auxiliary gymnasium addition to the school building, including related site improvements.
- "Project Fund" shall mean the fund required to be established by this Resolution for the deposit of the proceeds of the Bonds.
- "Rebate Fund" shall mean the rebate fund so defined in and established pursuant to the Tax Exemption Certificate and as provided in Section 21 of this Resolution.
- "Registrar" shall mean UMB Bank, N.A. of West Des Moines, Iowa, or such successor as may be approved by Issuer as provided herein and who shall carry out the duties prescribed herein with respect to maintaining a register of the owners of the Bonds. Unless otherwise specified, the Registrar shall also act as Transfer Agent for the Bonds.
- "Reserve Fund" shall mean the reserve fund established in Section 16 of this Resolution.
- "Reserve Fund Requirement" shall mean an amount equal to the lesser of (a) the maximum amount of the principal and interest coming due on the Bonds and Additional Bonds secured by the Reserve Fund; (b) 10% of the stated principal amount of the Bonds and Additional Bonds secured by the Reserve Fund (for issues with original issue discount the issue price as defined in the Tax Exemption Certificate shall be substituted for the stated principal amount) or (c) 125% of the average principal and interest coming due on the Bonds and Additional Bonds secured by the Reserve Fund. For purposes of this definition: (1) "issue price" shall be substituted for "stated principal amount" for issues with original issue discount or original issue premium of more than a de minimus amount and (2) stated principal amount shall not include any portion of an issue refunded or advance refunded by a subsequent issue.
- "Revenue Fund" shall mean the revenue fund established in Section 16 of this Resolution.
- "School Infrastructure Tax" shall mean the School District's portion of the one percent (1%) sales, services and use tax imposed by the State of Iowa for school infrastructure purposes which must be deposited into the State Secure an Advanced Vision for Education Fund and distributed to the School District pursuant to Iowa Code Section 423F.2, as amended.
- "School Infrastructure Tax Revenues" shall mean all of the revenues received by the School District in each Fiscal Year from the imposition of the School Infrastructure Tax (including, without limitation, any revenues received by the School District from interest and penalties on delinquent collections of the School Infrastructure Tax).
- "Secretary" shall mean the Secretary of the Board of Directors of the School District, or such other officer of the successor Governing Body as shall be charged with substantially the same duties and responsibilities.
- "Sinking Fund" shall mean the sinking fund established in Section 16 of this Resolution.
- "State" shall mean the State of Iowa.
- "Tax Exemption Certificate" shall mean the Tax Exemption Certificate executed by the Treasurer and delivered at the time of issuance and delivery of the Bonds.
- "Treasurer" shall mean the Treasurer of the School District or such other officer as shall succeed to the same duties and responsibilities with respect to the recording and payment of the Bonds issued hereunder.
- "Yield Restricted" shall mean any amount required to be invested at a yield that is not materially higher than the yield on the Bonds under Section 148(a) of the Internal Revenue Code or regulations issued thereunder.

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

- An amount equal to accrued interest shall be deposited in the Sinking Fund for application to the first payment of interest on the Bonds.
- An amount sufficient to meet the Reserve Fund Requirement shall be deposited in the Reserve Fund.
- There is hereby created a Project Fund, to be held by the Issuer, into which the balance of the Bond Proceeds shall be deposited and expended therefrom for the purposes of issuance. Any amounts on hand in the Project Fund shall be available for the payment of the principal of or interest on the Bonds at any time that other School Infrastructure Tax Revenues shall be insufficient to the purpose, in which event such funds shall be repaid to the Project Fund at the earliest opportunity. Any balance on hand in the Project Fund and not immediately required for its purposes may be invested not inconsistent with limitations provided by law, the Internal Revenue Code and this Resolution.

Application of Revenues.

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 any Parity Bonds then outstanding shall have been discharged and satisfied in the manner provided in this Resolution, all of the receipts of the School Infrastructure Tax Revenues shall be deposited as collected with the Issuer in a special fund to

be known as the South Hamilton Community School District School Infrastructure Sales and Services Tax Revenue Fund (the "Revenue Fund"), and shall be disbursed only as follows:

1. Sinking Fund. Money in the Revenue Fund shall first be disbursed to make deposits into a separate and special fund to pay the principal and interest requirements of the Fiscal Year on the Bonds and any Parity Bonds, which shall be held by or on behalf of the Issuer. The fund shall be known as the School Infrastructure Sales, Services and Use Tax Revenue Bond Interest Sinking Fund (the "Sinking Fund"). The required amount to be deposited in the Sinking Fund in any month shall be the equal monthly amount necessary to pay in full the installment of interest coming due on the next interest payment date on the then outstanding Bonds and Parity Bonds plus the equal monthly amount necessary to pay in full the installment of principal coming due on such Bonds on the next succeeding principal payment date until the full amount of such installment is on hand. If for any reason the amount on hand in the Sinking Fund exceeds the required amount, the excess shall forthwith be withdrawn and paid into the Revenue Fund. Money in the Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Bonds and Parity Bonds as the same shall become due and payable. Accrued interest, if any, shall be deposited in the Sinking Fund.

2. Reserve Fund. Money in the Revenue Fund shall next be disbursed to maintain a debt service reserve in an amount equal to the Reserve Fund Requirement which shall be held by or on behalf of the Issuer. Such fund shall be known as the School Infrastructure Sales, Services and Use Tax Revenue Debt Service Reserve Fund (the "Reserve Fund") and shall only secure the Bonds. In each month there shall be deposited in the Reserve Fund an amount equal to one hundred percent of the amount required by this Resolution to be deposited in such month in the Sinking Fund; provided, however, that when the amount on deposit in the Reserve Fund shall be not less than the Reserve Fund Requirement, no further deposits shall be made into the Reserve Fund except to maintain such level, and when the amount on deposit in the Reserve Fund is greater than the balance required above, such additional amounts shall be withdrawn and paid into the Revenue Fund. Money in the Reserve Fund shall be used solely for the purpose of paying principal at maturity of or interest on the Bonds and Parity Bonds for the payment of which insufficient money shall be available in the Sinking Fund. Whenever it shall become necessary to so use money in the Reserve Fund, the payments required above shall be continued or resumed until it shall have been restored to the required minimum amount. On the Closing Date, \$ \_\_\_\_\_ of the Bond Proceeds shall be deposited in the Reserve Fund.

A future Reserve Fund Subaccount may be established for Additional Bonds to secure the payment of such Additional Bonds at the option of the issuer and the terms and conditions of the purchase of such Additional Bonds.

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

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

Investments. Moneys on hand in the Project Fund and all of the funds provided by this Resolution may be invested only in Permitted Investments or deposited in financial institutions which are members of the Federal Deposit Insurance Corporation, or its equivalent successor, and the deposits in which are insured thereby and all such deposits exceeding the maximum amount insured from time to time by FDIC or its equivalent successor in any one financial institution shall be continuously secured in compliance with the State Sinking Fund provided under Iowa Code Chapter 12C, or otherwise by a valid pledge of direct obligations of the United States Government having an equivalent market value. All investments shall mature before the date on which the moneys are required for the purposes for which the fund was created or otherwise as herein provided but in no event maturing in more than three years in the case of the Reserve Fund. The provisions of this Section shall not be construed to require the Issuer to maintain separate accounts for the funds created by this Section.

The Sinking Fund and the Reserve Fund shall be segregated in a separate account but may be invested in the same manner as other funds of the School District but designated as a trust fund on the books and records of the School District. The Sinking Fund and Reserve Fund shall not be available for any other purposes other than those specified in this Resolution.

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

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

- a) For the purpose of refunding any of the Bonds or Parity Bonds outstanding so long as the refunding is an Economic Refunding, without complying with subsection (b) below.
- b) For the purpose of refunding any Bonds or Parity Bonds outstanding, or for other lawful purposes, provided that, before any such Additional Bonds ranking on a parity are issued, there will have been procured and filed with the Secretary, a statement of an Independent Auditor reciting the opinion based upon necessary investigations that the School Infrastructure Tax Revenues for the

preceding Fiscal Year (with adjustments as hereinafter provided) were equal to at least 1.30 times the maximum amount that will be required in any Fiscal Year for the payment of both principal of and interest on all Bonds or Parity Bonds then outstanding which are payable from the School Infrastructure Tax Revenues and the Additional Bonds then proposed to be issued.

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

- c) Reserved.
- 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 and the Additional Bonds, if required, must be fully funded as of the date of issue of the Additional Bonds.

The Issuer may issue any bonds, notes, or other obligations that are subordinate to the Bonds ("Subordinate Obligations").

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

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

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

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

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

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

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

## THE PROJECT

Proceeds of the Bonds will be used i) to construct, furnish, and equip an auxiliary gymnasium addition to the school building, including related site improvements; ii) to establish and fund a Debt Service Reserve Fund, and iii) to pay costs of issuance for the Bonds.

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

#### SOURCES OF FUNDS

Bond Proceeds	\$7,500,000*
Original Reoffering Premium	

#### TOTAL SOURCES

#### USES OF FUNDS

Project Costs
Issuance Costs
Debt Service Reserve Fund
Underwriters Discount

#### TOTAL USES OF FUNDS

\* Preliminary, subject to change

### Future Debt

The District does not expect to issue any additional debt in the next 6 months.

## THE BONDS

### General

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

### Authorization for the Issuance

The Bonds are being issued pursuant to the Act and the Resolution expected to be adopted by the Board on or about May 11, 2026. See “**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**” herein.

### Book-Entry Only System

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

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S equity, corporate and municipal debt issues and money market instrument (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participations include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies

clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”).

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

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

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

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

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

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

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

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

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

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

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

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

**Transfer and Exchange**

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

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

**Redemption \***

Optional Redemption. All of the Bonds are subject to prepayment at the option of the Issuer, as a whole or in part, and within a maturity by lot from any source of available funds, beginning June 1, 2033 and on any date thereafter, at a prepayment price equal to the principal amount of the Bonds, together with accrued interest to the date fixed for prepayment, without premium.

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

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

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

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

\_\_\_\_\_  
\* preliminary, subject to change

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

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

## LITIGATION

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

## UNDERWRITING

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

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

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

## TAX EXEMPTION AND RELATED TAX MATTERS

### Tax Exemption

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

Subject to the Issuer's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, the interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

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

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

### Qualified Tax Exemption Obligations

The Bonds will be designated as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code"), and has further covenanted to comply with certain other requirements, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under

Section 265(b)(2) of the Code. However, the Issuer's failure to comply with such covenants could cause the Bonds not to be "qualified tax-exempt obligations" and banks and certain other financial institutions would not receive more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

#### Discount and Premium Bonds

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

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

#### Other Tax Advice

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

#### Audits

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

#### Reporting and Withholding

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

#### Tax Legislation

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

Current and future legislative proposals, including some that carry retroactive effective dates, if enacted into law, court decisions, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any other legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed tax legislation, as to which Bond Counsel expresses no opinion other than as set forth in its legal opinion.

#### The Opinion

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

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

### Enforcement

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

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

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

### **LEGAL MATTERS**

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

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

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

### **MUNICIPAL ADVISOR**

The Issuer has retained Piper Sandler & Co. as Municipal Advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy, completion or fairness of such information within the Official Statement but has relied upon governmental officials, and other sources who have access to relevant data to provide accurate data. The Municipal Advisor is not a public accounting firm and has not been engaged by the Issuer to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

### **CONTINUING DISCLOSURE**

The Issuer will covenant in a Continuing Disclosure Certificate (the "Undertaking") for the benefit of the Owners and Beneficial Owners of the Bonds to provide annually certain financial information and operating data relating to the Issuer (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The notices of events, if any, are also to be filed with the Municipal Securities Rulemaking Board, at its internet repository named "Electronic Municipal Market Access" ("EMMA"). The notices of events, if any, are also to be filed with EMMA. See **"APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE."** The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in **"APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE."** These covenants have been made in order to assist the Underwriter in complying with the Rule.

A failure by the Issuer to comply with the Undertaking will not constitute a default under the Resolution and Beneficial Owners of the Bonds are limited to the remedies described in the Undertaking. Any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Continuing Disclosure Certificate. Direct, indirect, consequential, and punitive damages shall not be recoverable by any

person for any default thereunder.

If the Issuer fails to comply with any provision of the Continuing Disclosure Certificate, the sole remedy available shall be an action to compel performance. A failure by the Issuer to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The Issuer provides the following information in accordance with the reporting requirement of paragraph (f)(3) of the Rule: For the previous five (5) year period, the Issuer believes it has complied in all material respects with its prior disclosure covenants.

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

#### MISCELLANEOUS

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

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

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

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

The Issuer has reviewed the information contained herein which relates to it and has approved all such information for use within this Official Statement. The execution and delivery of this Official Statement has been duly authorized by the Issuer.

SOUTH HAMILTON COMMUNITY SCHOOL DISTRICT, STATE OF IOWA

/s/Lisa Ziesman  
Board Secretary

**APPENDIX A – GENERAL INFORMATION ABOUT THE ISSUER**  
**SOUTH HAMILTON COMMUNITY SCHOOL DISTRICT, IOWA**  
**DISTRICT OFFICIALS**

<b>PRESIDENT</b>	Leigh Miller
<b>BOARD MEMBERS</b>	Jay Moline, Vice President Angela Wirth Ryan Stuck Travis Anderson
<b>SUPERINTENDENT</b>	Heather Holm
<b>DISTRICT SECRETARY</b>	Lisa Ziesman
<b>DISTRICT TREASURER</b>	Lisa Ziesman
<b>DISTRICT ATTORNEY</b>	Ahlers & Cooney, P.C.

**CONSULTANTS**

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

**General Information**

The South Hamilton Community School District (the “Issuer” or the “District”) is located in central Iowa, approximately 45 miles north of Des Moines. Included within the District’s 206 square miles are the cities of Ellsworth, Jewell, Randall and Stanhope as well as unincorporated portions of Hamilton and Boone Counties. Transportation facilities are provided by U.S. Interstate 35, U.S. Highway 69, Iowa Highways 175 & 383 and numerous paved county roads. Rail service is provided by the Union Pacific Railway. Commercial airline service is available either in nearby Fort Dodge or at the Des Moines International Airport. The economy of the District is generally agriculturally oriented however many residents commute to the nearby communities of Webster City and Ames for employment opportunities. Continuing education opportunities within easy commuting distance include: Area V Iowa Central Community College, Fort Dodge; Ellsworth Community College, Iowa Falls and Iowa State University, Ames.

**District Facilities (1)**

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

<u>Building</u>	<u>Construction Date</u>	<u>Grades Served</u>
Middle/High School	1968, 1999, 2000	7-12
Elementary	1918, 1958, 1998	PK-6

**Enrollment (3)**

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

<u>Count Date</u>	<u>Fiscal Year effective</u>	<u>Certified (Resident) (4) (5)</u>	<u>Open Enroll In</u>	<u>Open Enroll Out</u>	<u>Total Served (6)</u>
October-25	2026-27	625.20	148.40	101.20	672.40
October-24	2025-26	609.60	132.70	91.20	651.10
October-23	2024-25	608.50	139.40	92.80	655.10
October-22	2023-24	626.70	141.90	98.60	670.00
October-21	2022-23	631.30	139.10	90.20	680.20

**Staff (1)**

Presented below is a list of the Issuer's 104 employees.

Administrators:	4	Media Specialists:	1
Teachers:	47	Nurses:	1
Teacher Aids:	20	Guidance:	2
Custodians:	4	Secretaries:	3
Food Service:	9	Transportation:	10
Other:	2	Maintenance:	1

**Population (2)**

Presented below are population figures for the periods indicated for the cities of Jewell, Ellsworth, Randall and Stanhope

<u>Year</u>	<u>Jewell</u>	<u>Ellsworth</u>	<u>Randall</u>	<u>Stanhope</u>
2020	1216	508	154	364
2010	1215	531	173	422
2000	1239	531	148	488
1990	1106	451	161	447
1980	1145	480	171	492
1970	1152	443	179	482

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

**Other Post-Employment Benefits (OPEB) (1)**

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
<u>Active employees</u>	<u>79</u>
Total	89

Total OPEB Liability – The Issuer’s total OPEB liability of \$727,987 was measured as of June 30, 2025, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – the total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement:

Rate of inflation (effective 6/30/25)	3.00%
Rates of salary increase (effective 6/30/25) including inflation	2.50%
Discount rate (effective 6/30/25) including inflation	3.65%
Healthcare cost trend rate (effective 6/30/25)	5.25% initial rate decreasing by .25% annual to an ultimate rate of 5.00%

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

Mortality rates are from the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2021 generational projection of future mortality improvement. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability:

Total OPEB obligation – beginning of year		\$705,644
Changes for the year		
	Service Cost	37,25
	Interest	26,362
	Difference between expected & actual experiences	–
	Change in assumption	–
	<u>Benefit Payments</u>	<u>(41,277)</u>
Net Changes		22,343
Net OPEB obligation – end of year		\$727,987

Changes of assumptions reflect no change in the discount rate of 3.65% in fiscal year 2024 to fiscal year 2025.

(1) Source: the Issuer

**Employee Pension Plan (1)**

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

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

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

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

Table 1 – Issuer and Employees Contribution to IPERS.

Fiscal Year	Issuer Contribution		Issuer Employees’ Contribution	
	Amount Contributed	% of Covered Payroll	Amount Contributed	% of Covered Payroll
2020	\$490,666	9.44	\$318,335.95	6.29
2021	467,370	9.44	318,742.66	6.29
2022	492,751	9.44	328,103.95	6.29
2023	489,751	9.44	330,417.33	6.29
2024	499,184	9.44	328,589.77	6.29
2025	487,235	9.44	335,819.82	6.29

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

Table 2 – Recent returns of IPERS (1)

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

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

(1) SOURCE: The Issuer

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

Table 3 – Funding Status of IPERS (1)

Valuation Date	Actuarial Value of Assets [a]	Market Value of Assets [b]	Actuarial Accrued Liability [c]	Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]	Funded Ratio (Actuarial Value) [a]/[c]	Unfunded Actuarial Liability (Market Value) [c]-[b]	Funded Ratio (Market Value) [b]/[c]	Covered Payroll [d]	UAAL as a Percentage of Covered Payroll (Actuarial Value) [[c-a]/[d]]
2020	34,485,656,745	34,047,692,112	41,072,427,540	6,586,770,795	83.96	7,024,735,428	82.90	8,391,856,350	78.49
2021	37,584,987,296	42,889,875,682	42,544,648,750	4,959,661,454	88.34	-345,226,932	100.81	8,648,783,536	57.35
2022	39,354,232,379	40,191,566,259	43,969,714,606	4,615,482,227	89.50	3,778,148,347	91.40	9,018,019,950	51.18
2023	41,012,524,216	41,206,314,259	45,719,979,439	4,707,455,223	89.70	4,513,665,180	90.13	9,588,339,000	49.10
2024	42,927,257,062	43,661,123,300	47,302,619,657	4,375,362,595	90.75	3,641,496,357	92.30	10,002,034,974	43.74
2025	45,222,324,002	46,740,552,175	49,063,230,575	3,840,906,573	92.17	2,322,678,400	95.27	10,525,039,254	36.49

Net Pension Liabilities (2)

At June 30, 2025, the Issuer reported a liability of \$2,086,834 for its proportional share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7%. The Issuer’s proportion of the net pension liability was based on the Issuer’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. See “**APPENDIX D–AUDITED FINANCIAL STATEMENTS OF THE ISSUER–NOTES TO THE FINANCIAL STATEMENTS**” for additional information related to the Issuer’s deferred outflows and inflows of resources related to pensions, actuarial assumptions, discount rate and discount rate sensitivity.

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

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

**Investment of Public Funds (2)**

The Issuer invests its funds pursuant to Chapter 12B of the Code. Presented below is the Issuer’s investing activities as of February 28, 2026:

<u>Type of Investment</u>	<u>Amount Invested</u>
Local Bank Money Market	\$5,332,445.71
Local Bank Deposit Accounts	1,446,874.67
Local Bank Time CD’s	0
ISJIT Money Market	0
ISJIT Time CD’s	0

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

(2) Source: the Issuer

**Major Employers (1)**

Presented below is a summary of the largest employers located within the Issuer:

<u>Employer</u>	<u>Business</u>	<u>Approximate Employees</u>
South Hamilton CSD	Education	100-249
Love’s Travel Stop	Truck stop	50-99
LL Parks Livestock Inc.	Livestock dealer	20-49
Little Wall Lake Park	Parks	20-49
Poet Biorefining	Ethanol manufacturer	20-49
W&G Marketing	Meat products	20-49
Hardee’s	Fast food	20-49
AG Partners	Feed manufacturer	10-19
Circle Hill Farms	Farm	10-19
Jewell Golf	Golf course	10-19
AG Source Laboratories	Laboratory testing	10-19
Arko Labs	Animal hospital	10-19
Casey’s	Convenience store	10-19
Kum & Go.	Convenience store	10-19
Bison Transportation	Trucking	10-19
Heartland Co-Op	Grain elevator	10-19
Lamp Trucking	Trucking	10-19
PDM Distribution Svc	Warehouses-merchandise & self-storage	10-19

**Property Tax Assessment (2) (3)**

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

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

Fiscal Year	<u>Residential</u>	<u>Ag. Land &amp; Bldgs</u>	<u>Commercial</u>	<u>Multi-residential</u>	<u>Railroad</u>	Chap 437 <u>Utilities</u>	Chap 428/438 <u>Utilities</u>	<u>Industrial</u>
2026-27	44.5345	59.4401	90.0000	NA	90.0000	94.2059	98.0000	90.0000
2025-26	47.4316	73.8575	90.0000	NA	90.0000	100.0000	NA	90.0000
2024-25	46.3428	71.8370	90.0000	NA	90.0000	100.0000	NA	90.0000
2023-24	54.6501	91.6430	90.0000	NA	90.0000	100.0000	NA	90.0000
2022-23	54.1302	89.0412	90.0000	63.7500	90.0000	100.0000	NA	90.0000

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. For example, the assessments finalized on January 1, 2024 are used to calculate tax liability for the tax year starting July 1, 2024 through June 30, 2025. Presented below are the historic property valuations of the Issuer by class of property.

(1) Source: Iowa Workforce Development.com/employer database  
 (2) Source: Iowa Department of Revenue  
 (3) In 2023, the Legislature created a rollback for small commercial, small railroad and small industrial properties that receive the same rollback rate as residential properties receive for said year, for the valuation of those classes up to \$150,000. Valuation above \$150,000 is taxed at the above rollback rate for each of commercial, railroad and industrial.

## Property Valuations (1)

Actual Valuation					
Valuation as of January	2025	2024	2023	2022	2021
<u>Fiscal Year</u>	<u>2026-27</u>	<u>2025-26</u>	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>
Residential:	317,518,414	291,109,315	287,401,399	210,713,843	208,356,868
Agricultural Land:	315,349,640	241,153,795	241,212,593	180,632,573	180,644,704
Ag Buildings:	16,191,880	7,227,303	6,810,726	5,132,461	5,106,079
Commercial:	42,819,536	37,572,515	37,858,107	31,839,777	28,794,970
Industrial:	30,596,760	26,785,630	31,343,390	30,589,090	30,561,140
Multi-Residential:	0	0	0	0	759,036
Personal RE:	0	0	0	0	0
Railroads:	16,618,757	16,991,880	16,574,520	16,068,185	14,999,230
Utilities:	2,026,285	1,314,330	1,383,054	1,329,859	2,497,913
Other:	7,370	7,370	7,370	7,370	7,370
<b>Total Valuation:</b>	<b>741,128,642</b>	<b>622,162,138</b>	<b>622,591,159</b>	<b>476,313,158</b>	<b>471,727,310</b>
Less Military:	620,000	652,000	684,000	331,508	337,064
Less Homestead:	1,729,000	851,500	760,500		
<b>Net Valuation:</b>	<b>738,779,642</b>	<b>620,658,638</b>	<b>621,146,659</b>	<b>475,981,650</b>	<b>471,390,246</b>
TIF Valuation:	3,054,799	3,036,186	1,009,088	1,000,681	3,193,878
Utility Replacement:	45,118,944	45,218,138	44,728,323	33,138,728	32,601,526
Taxable Valuation					
Valuation as of January	2025	2024	2023	2022	2021
<u>Fiscal Year</u>	<u>2026-27</u>	<u>2025-26</u>	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>
Residential:	141,402,615	138,074,980	133,186,954	114,844,148	112,778,828
Agricultural Land:	187,444,153	178,110,146	173,279,913	165,537,123	160,848,255
Ag Buildings:	9,624,470	5,337,901	4,892,618	4,703,540	4,546,505
Commercial:	32,812,912	28,756,102	29,138,361	25,026,466	25,597,214
Industrial:	26,492,144	23,215,079	16,024,899	26,862,435	27,505,026
Multi-Residential:	0	0	0	0	483,885
Personal RE:	0	0	0	0	0
Railroads:	14,929,727	15,267,270	14,890,994	14,440,255	13,499,307
Utilities:	1,985,760	1,314,330	1,383,054	1,329,859	2,497,913
Other:	7,370	7,370	7,370	7,370	7,370
<b>Total Valuation:</b>	<b>414,699,151</b>	<b>390,083,178</b>	<b>372,804,163</b>	<b>352,751,196</b>	<b>347,764,303</b>
Less Military:	620,000	652,000	684,000	331,508	337,064
Less Homestead:	1,729,000	851,500	760,500		
<b>Net Valuation:</b>	<b>412,350,151</b>	<b>388,579,678</b>	<b>371,359,663</b>	<b>352,419,688</b>	<b>347,427,239</b>
TIF Valuation:	3,054,799	3,036,186	1,009,088	1,000,681	3,193,878
Utility Replacement:	9,930,410	12,806,209	13,054,065	11,237,579	10,458,524
	Valuation	Actual	% Change in	Taxable	% Change in
	<u>Year</u>	<u>Valuation</u>	<u>Actual</u>	<u>Valuation</u>	<u>Taxable</u>
		<u>w/ Utilities</u>	<u>Valuation</u>	<u>w/ Utilities</u>	<u>Valuation</u>
	2025	786,953,385	17.65%	425,335,360	5.17%
	2024	668,912,962	0.30%	404,422,073	4.93%
	2023	666,884,070	30.73%	385,422,816	5.69%
	2022	510,121,059	0.58%	364,657,948	0.99%
	2021	507,185,650	8.17%	361,079,641	8.78%

(1) Source: Iowa Department of Management

**Tax Rates (1)**

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

<u>Fiscal Year</u>	<u>Operating</u>	<u>Management</u>	<u>Board PPEL</u>	<u>V PPEL</u>	<u>Playground</u>	<u>Debt</u>	<u>Schoolhouse</u>	<u>Total Levy</u>
2026	7.83875	1.74396	0.33000	1.00000	0.00000	2.70000	0.00000	13.61271
2025	7.74794	1.85217	0.33000	1.00000	0.00000	2.69428	0.00000	13.62439
2024	7.85669	1.78740	0.33000	1.00000	0.00000	2.69194	0.00000	13.66603
2023	8.38985	1.11768	0.33000	1.00000	0.00000	2.70000	0.00000	13.53753
2022	9.11731	1.05108	0.33000	1.00000	0.00000	2.55876	0.00000	14.05715

**Historic Tax Rates (1)**

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

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Transit</u>	<u>Total Levy</u>
2026	10.19979	13.61271	1.56992	0.00000	0.67500	0.22584	2.10000	6.09798	0.00000	34.48124
2025	10.16102	13.62439	1.42738	0.00180	0.66738	0.23535	2.10000	6.49631	0.00000	34.71363
2024	10.32198	13.66603	1.35550	0.00180	0.66742	0.23846	2.11966	6.45706	0.00000	34.82791
2023	10.21946	13.53753	1.24274	0.00240	0.63997	0.23594	2.10000	6.71379	0.00000	34.69183
2022	10.09296	14.05715	1.09210	0.00260	0.55889	0.25027	2.10000	6.93981	0.00000	35.09378

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

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Transit</u>	<u>Total Levy</u>
2026	13.46896	13.61271	1.56992	0.00000	0.67500	0.22584	2.10000	6.09798	0.00000	37.75041
2025	12.57609	13.62439	1.42738	0.00180	0.66738	0.23535	2.10000	6.49631	0.00000	37.12870
2024	10.65036	13.66603	1.35550	0.00180	0.66742	0.23846	2.11966	6.45706	0.00000	35.15629
2023	10.60590	13.53753	1.24274	0.00240	0.63997	0.23594	2.10000	6.71379	0.00000	35.07827
2022	10.11420	14.05715	1.09210	0.00260	0.55889	0.25027	2.10000	6.93981	0.00000	35.11502

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

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Transit</u>	<u>Total Levy</u>
2026	11.45508	13.61271	1.56992	0.00000	0.67500	0.22584	2.10000	6.09798	0.00000	35.73653
2025	11.62324	13.62439	1.42738	0.00180	0.66738	0.23535	2.10000	6.49631	0.00000	36.17585
2024	10.24037	13.66603	1.35550	0.00180	0.66742	0.23846	2.11966	6.45706	0.00000	34.74630
2023	10.01587	13.53753	1.24274	0.00240	0.63997	0.23594	2.10000	6.71379	0.00000	34.48824
2022	10.07458	14.05715	1.09210	0.00260	0.55889	0.25027	2.10000	6.93981	0.00000	35.07540

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

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Transit</u>	<u>Total Levy</u>
2026	24.68460	13.61271	1.56992	0.00000	0.67500	0.22584	2.10000	6.09798	0.00000	48.96605
2025	20.05786	13.62439	1.42738	0.00180	0.66738	0.23535	2.10000	6.49631	0.00000	44.61047
2024	14.86451	13.66603	1.35550	0.00180	0.66742	0.23846	2.11966	6.45706	0.00000	39.37044
2023	13.09910	13.53753	1.24274	0.00240	0.63997	0.23594	2.10000	6.71379	0.00000	37.57147
2022	13.47515	14.05715	1.09210	0.00260	0.55889	0.25027	2.10000	6.93981	0.00000	38.47597

**Tax Collection History (2)**

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

<u>Fiscal Year</u>	<u>Amount Levied</u>	<u>Amount Collected</u>	<u>Percentage Collected</u>
2026	\$5,477,211	In collection	NA
2025	5,241,519	\$5,274,311	100.63%
2024	4,973,946	4,989,954	100.32%
2023	4,859,999	4,886,460	100.54%
2022	4,582,010	4,589,560	100.16%

(1) Source: Iowa Department of Management  
 (2) Source: the Issuer

## Largest Taxpayers (1) (2)

Set forth in the following table are the persons or entities which represent the 2024 largest taxpayers within the Issuer. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the Issuer. The Issuer's tax levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the Issuer from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the tax levies of the other taxing entities which overlap the properties.

<u>Taxpayer</u>	<u>2024 Taxable Valuation</u>	<u>Percent of Total</u>
Union Pacific Railroad Co	\$15,267,270	3.78%
POET Biorefining-Jewell	\$14,611,908	3.61%
Hegland, Meryln J etal	\$9,206,007	2.28%
Lincoln Supply LC	\$8,724,873	2.16%
Van Diest Family LLC	\$6,363,780	1.57%
Interstate Power & Light Co	\$5,691,896	1.41%
Heartland Co-op	\$5,616,890	1.39%
Love's Travel Stops & Country Stores, Inc	\$4,672,775	1.16%
IASE Cooperative	\$3,378,931	0.84%
Eagle's Catch LLLP	\$3,373,823	0.83%
	<b>Total</b>	<b>19.02%</b>

(1) Source: Hamilton and Boone County Auditors' office

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

## Direct Debt

### General Obligation School Bonds (Debt Service) (1)

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

<u>Fiscal Year</u>	<u>6/1/16</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Net P&amp;I</u>
2026	\$475,000	\$475,000	\$99,138	\$574,138
2027	485,000	485,000	88,450	573,450
2028	495,000	495,000	77,538	572,538
2029	505,000	505,000	66,400	571,400
2030	515,000	515,000	55,038	570,038
2031	530,000	530,000	42,163	572,163
2032	545,000	545,000	27,588	572,588
2033	420,000	420,000	12,600	432,600
Totals:	\$3,970,000	\$3,970,000	\$468,913	\$4,438,913

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

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

<u>Fiscal Year</u>	<u>6/1/17</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Net P&amp;I</u>
2026	\$195,000	\$195,000	\$10,468	\$205,468
2027	200,000	200,000	5,300	205,300
Totals:	\$395,000	\$395,000	\$15,768	\$410,768

### Anticipatory Warrants (1)

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

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

The Issuer does not have any outstanding School Infrastructure Sales, Services & Use Tax Revenue Bonds. Presented below is the estimated principal and interest on the Bonds.

<u>Fiscal Year</u>	<u>Estimated 5/27/26</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total P&amp;I</u>
2027	\$340,000	\$340,000	\$318,500	\$658,500
2028	350,000	350,000	300,720	650,720
2029	365,000	365,000	286,020	651,020
2030	385,000	385,000	270,690	655,690
2031	400,000	400,000	254,520	654,520
2032	415,000	415,000	237,720	652,720
2033	435,000	435,000	220,290	655,290
2034	450,000	450,000	202,020	652,020
2035	470,000	470,000	183,120	653,120
2036	490,000	490,000	163,380	653,380
2037	510,000	510,000	142,800	652,800
2038	530,000	530,000	121,380	651,380
2039	555,000	555,000	99,120	654,120
2040	580,000	580,000	75,810	655,810
2041	600,000	600,000	51,450	651,450
2042	625,000	625,000	26,250	651,250
Totals:	\$7,500,000	\$7,500,000	\$2,953,790	\$10,453,790

(1) Source: the Issuer

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

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

1/1/2024 Actual Valuation:	\$668,912,962
X	0.05
Statutory Debt Limit:	\$33,445,648
Total General Obligation Debt:	\$3,970,000
Total Capital Loan Notes:	395,000
Total Loan Agreements:	0
Capital Leases:	45,400
Total Debt Subject to Limit:	\$4,410,400
Percentage of Debt Limit Obligated:	13.19%

It has not been determined whether the Issuer's Sales Tax Revenue Bonds do or do not count against the constitutional debt limit. If the Bonds do count against the constitutional debt limit, the amount of debt subject to the debt limit would increase \$7,500,000\* to be \$11,910,400\*, or 35.61% \* of the statutory debt limit.

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

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

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

## Overlapping & Underlying Debt (1) (3)

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

<u>Taxing Authority</u>	<u>Outstanding Debt</u>	<u>2024 Taxable Valuation</u>	<u>Taxable Value Within Issuer</u>	<u>Percentage Applicable</u>	<u>Amount Applicable</u>
City Of Jewell	\$955,000	\$52,039,600	\$52,039,600	100.00%	\$955,000
City Of Ellsworth	417,195	33,661,419	33,661,419	100.00%	417,195
City Of Stanhope	475,000	12,602,463	12,602,463	100.00%	475,000
City Of Randall	0	8,451,029	8,451,029	100.00%	0
Hamilton County	4,283,279	1,300,464,046	391,616,216	30.11%	1,289,848
Boone County	4,186,000	2,098,475,830	12,805,857	0.61%	25,545
Iowa Central CC	44,316,781	11,661,868,172	404,422,073	3.47%	1,536,862
Prairie Lakes AEA	0	20,987,052,234	404,422,073	1.93%	0
				Total	\$4,699,450

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

Actual Value of Property, 2024:	\$668,912,962
Taxable Value of Property, 2024:	\$404,422,073
Direct General Obligation Debt:	\$4,365,000
Overlapping Debt:	4,699,450
Direct & Overlapping General Obligation Debt:	\$9,064,450
Population, 2020 US Census:	3,682
Direct Debt per Capita:	\$1,185.50
Total Debt per Capita:	\$2,461.83
Direct Debt to Taxable Valuation:	1.08%
Total Debt to Taxable Valuation:	2.24%
Direct Debt to Actual Valuation:	0.65%
Total Debt to Actual Valuation:	1.36%
Actual Valuation per Capita:	\$181,671
Taxable Valuation per Capita:	\$109,838

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

## APPENDIX B – FORM OF LEGAL OPINION

### DRAFT

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Directors of the South Hamilton Community School District in the Counties of Hamilton and Boone, 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 2026, by said Issuer, dated the date of delivery, in the denominations of \$5,000 or integral multiples thereof, in the aggregate amount of \$ \_\_\_\_\_ (the "Bonds").

The Bonds are issued pursuant to Iowa Code Chapter 423F and a Resolution Authorizing the Terms of Issuance and Providing for and Securing the Payment of School Infrastructure Sales, Services and Use Tax Revenue Bonds (the "Resolution") of the Issuer adopted May 11, 2026. Under the Resolution, the Issuer has pledged certain School Infrastructure Sales, Services and Use Tax Revenues (the "School Infrastructure Tax Revenues") for the payment of principal of, premium (if any), and interest on the Bonds when due.

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 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 agreement of the Issuer.
3. The Resolution creates a valid lien on the School Infrastructure Tax Revenues pledged by the Resolution (and defined therein) for the security of the Bonds. The lien on the Bonds ranks on a parity as to the pledge of School Infrastructure Tax Revenues with respect to Additional Bonds. The right to issue Additional Bonds is reserved upon conditions set forth in the Resolution.
4. The Bonds have been duly authorized and executed by the Issuer and are valid and binding limited obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

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

5. Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

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

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

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

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

Ahlers & Cooney, P.C.

## APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE

DRAFT

### CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the South Hamilton Community School District, State of Iowa (the "Issuer"), in connection with the issuance of \$\_\_\_\_\_ School Infrastructure Sales, Services And Use Tax Revenue Bonds, Series 2026 (the "Bonds") dated the date of delivery. The Bonds are being issued pursuant to a Resolution of the Issuer approved on \_\_\_\_\_, 2026 (the "Resolution"). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" shall mean the State of Iowa.

### **Section 3. Provision of Annual Financial Information.**

- a. The Issuer shall, or shall cause the Dissemination Agent to, not later than April 15 after the end of the Issuer's fiscal year, commencing with information for the 2025/2026 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information filing and later than the date required

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

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

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

- a. The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information filing shall contain unaudited financial statements of the type included in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Financial Information when they become available.
- b. A table, schedule or other information prepared as of the end of the preceding fiscal year, of the type contained in the final Official Statement under the captions "Current Statewide Receipts of the Tax – Average Per Pupil Receipts," "Actual Historic Sales, Services & Use Tax Revenue Receipts," "Historical Resident Enrollment in the School District," "Estimated Debt Service and Coverage on the Bonds."

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

Section 5. Reporting of Significant Events.

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

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

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

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

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

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

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

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

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

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

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

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

Date: Date of Delivery

SOUTH HAMILTON COMMUNITY SCHOOL DISTRICT,  
STATE OF IOWA

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

ATTEST:

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

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer: South Hamilton Community School District, Iowa.

Name of Bond Issue: \$\_\_\_\_\_ School Infrastructure Sales, Services And Use Tax Revenue Bonds, Series 2026

Dated Date of Issue: the date of delivery

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

Dated: \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

SOUTH HAMILTON COMMUNITY SCHOOL DISTRICT,  
STATE OF IOWA

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

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

This Appendix contains the entire 2025 audited financial statement of the issuer. The Auditor of State of the State of Iowa (the "State Auditor") maintains a webpage that contains prior years' audits of city, county, school district and community college, including audits of the Issuer.

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**SOUTH HAMILTON COMMUNITY SCHOOL DISTRICT  
JEWELL, IOWA**

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

**YEAR ENDED JUNE 30, 2025**

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South Hamilton Community School District  
Jewell, Iowa

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Leigh Miller	President	2027
Tony Babcock	Vice President	2027
Jay Moline	Board Member	2025
Ryan Stuck	Board Member	2027
Angela Wirth	Board Member	2027
<b>School Officials</b>		
Heather Holm	Superintendent	2025
Lisa Ziesman	District Secretary/Treasurer and Business Manager	Indefinite
Ahlers & Cooney	Attorney	Indefinite

# Cornwell, Frideres, Maher & Associates, P.L.C.

## Certified Public Accountants

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Jerilyn J. Maher, C.P.A.  
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### Independent Auditor's Report

To the Board of Education of  
South Hamilton Community School District:

#### Report on the Audit of the Financial Statements

##### Unmodified and Disclaimer of Opinions

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of South Hamilton Community School District, Jewell Iowa, as of and for the year ended June 30, 2025, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents. We were not engaged to audit the financial statements of the aggregate discretely presented component unit.

##### Disclaimer of Opinion on the Aggregate Discretely Presented Component Unit

We do not express an opinion on the financial statements of the aggregate discretely presented component unit of South Hamilton Community School District. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Unit section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component unit.

##### Unmodified Opinions on Governmental Activities, Business type Activities, Each Major Fund, and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the South Hamilton Community School District as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles general accepted in the United States of America.

### Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Unit

The financial statements of the South Hamilton Community School Foundation have not been audited, and we were not engaged to audit the South Hamilton School Foundation's financial statements as part of our audit of the South Hamilton Community School District's basic financial statements. The South Hamilton School Foundation's financial activities are included in the District's basic financial statements as a discretely presented component unit.

### Basis for Unmodified Opinions

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

### Emphasis of Matter

As discussed in Note 16 to the financial statements, the District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 101, Compensated Absences. As a result, June 30, 2024, governmental activities, business type activities and School Nutrition Fund net position was restated. Our opinions are not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

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

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

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

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Hamilton Community School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the South Hamilton Community School District's ability to continue as a going concern for a reasonable period of time.

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

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 16 and 71 through 81 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Hamilton Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2024 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information in Schedules 1 through 4 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 30, 2026 on our consideration of South Hamilton Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering South Hamilton Community School District's internal control over financial reporting and compliance.

*Cornwell, Frideres, Maher & Associates, P.L.C.*

Cornwell, Frideres, Maher & Associates, P.L.C.  
Certified Public Accountants

March 30, 2026

## MANAGEMENT'S DISCUSSION AND ANALYSIS

South Hamilton Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2025. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2025 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$8,866,667 in fiscal year 2024 to \$9,145,236 in fiscal year 2025, while General Fund expenditures increased from \$8,852,347 in fiscal year 2024 to \$9,413,808 in fiscal year 2025. The District's General Fund balance decreased from \$3,477,865 at the end of fiscal year 2024, to \$3,213,956 at the end of fiscal year 2025, a 7.6% decrease.
- The fiscal year 2025 General Fund revenue increase was attributable to an increase in local tax and federal sources. The increase in expenditures was due primarily to an increase in salaries and benefits.

### USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of South Hamilton 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 South Hamilton Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which South Hamilton Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

## **REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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

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

In the government-wide financial statements, the District's activities are divided into three 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.
- *Component units:* This includes the activities of the South Hamilton School District Foundation. The District receives significant financial benefits from this component unit although it is a legally separate entity.

### *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 it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

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

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

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

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise 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 funds are the School Nutrition Fund, and the Agri. Science Tech Student Construction Fund.

The District uses internal service funds, the other kind of proprietary fund, to report activities that provide supplies and services for its other programs and activities. The District currently has one internal service fund used to account for the District's employee flexible benefit plan.

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 Custodial Funds, as follows:
  - Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
  - Custodial Funds – These are funds through which the District administers and accounts for certain revenues and expenses as a fiscal agent.

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position at June 30, 2025, compared to June 30, 2024.

**Figure A-1**  
**Condensed Statement of Net Position**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	Restated 2025	2024	Restated 2025	2024	Restated 2025	2024	2024-2025
Current and other assets	\$ 12,830	13,238	139	246	12,969	13,484	-3.8%
Capital assets	19,976	19,077	110	131	20,086	19,208	4.6%
Total assets	32,806	32,315	249	377	33,055	32,692	1.1%
Deferred outflows of resources	995	1,352	44	54	1,039	1,406	-26.1%
Long-term liabilities	7,898	9,646	99	117	7,997	9,763	-18.1%
Other liabilities	830	1,122	14	10	844	1,132	-25.4%
Total liabilities	8,728	10,768	113	127	8,841	10,895	-18.9%
Deferred inflows of resources	5,859	5,736	13	17	5,872	5,753	2.1%
Net position:							
Net investment in capital assets	15,402	13,405	110	131	15,512	13,536	14.6%
Restricted	3,042	2,984	---	---	3,042	2,984	1.9%
Unrestricted	770	774	57	156	827	930	-11.1%
Total net position	\$ 19,214	17,163	167	287	19,381	17,450	11.1%

The District's total net position increased 11.1%, or approximately \$1,931,000 over the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings, equipment and right-to-use leased equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$58,000, or 1.9%, from the prior year. The increase was primarily a result of the increase in net position of the Management Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$103,000, or 11.1%. This decrease in unrestricted net position was a result of the District's General Fund unrestricted balance decreasing.

Figure A-2 shows the changes in net position for the year ended June 30, 2025, compared to the year ended June 30, 2024.

	Governmental Activities		Business Type Activities		Total District		Total Change
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2024-2025</u>
Revenues:							
Program revenues:							
Charges for service	\$ 1,537	1,523	234	257	1,771	1,780	-0.5%
Operating grants, contributions and restricted interest	2,043	1,515	231	261	2,274	1,776	28.0%
Capital grants, contributions and restricted interest	100	---	---	---	100	---	100.0%
General revenues:							
Property tax	5,181	4,990	---	---	5,181	4,990	3.8%
Statewide sales, services and use tax	805	826	---	---	805	826	-2.5%
Income surtax	367	405	---	---	367	405	-9.4%
Unrestricted state grants	2,320	2,790	---	---	2,320	2,790	-16.8%
Unrestricted investment earnings	262	358	---	1	262	359	-27.0%
Other	26	48	---	---	26	48	-45.8%
Proceeds from insurance claims	29	---	---	---	29	---	100.0%
Sale of capital assets	---	11	(1)	---	(1)	11	-109.1%
Total revenues	<u>12,670</u>	<u>12,466</u>	<u>464</u>	<u>519</u>	<u>13,134</u>	<u>12,985</u>	<u>1.1%</u>
Program expenses:							
Instruction	6,511	6,692	7	7	6,518	6,699	-2.7%
Support services	3,002	2,887	8	6	3,010	2,893	4.0%
Non-instructional programs	---	---	569	550	569	550	3.5%
Other expenses	1,106	1,146	---	---	1,106	1,146	-3.5%
Total expenses	<u>10,619</u>	<u>10,725</u>	<u>584</u>	<u>563</u>	<u>11,203</u>	<u>11,288</u>	<u>-0.8%</u>
Excess (deficiency) of revenues over (under) expenses before extraordinary item	2,051	1,741	(120)	(44)	1,931	1,697	13.8%
Extraordinary item	---	106	---	---	---	106	-100.0%
Change in net position	2,051	1,847	(120)	(44)	1,931	1,803	7.1%
Net position beginning of year	<u>17,163</u>	<u>15,316</u>	<u>287</u>	<u>331</u>	<u>17,450</u>	<u>15,647</u>	<u>11.5%</u>
Net position end of year	<u>\$ 19,214</u>	<u>17,163</u>	<u>167</u>	<u>287</u>	<u>19,381</u>	<u>17,450</u>	<u>11.1%</u>

In fiscal year 2025, property tax and unrestricted state grants accounted for 59.2% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 100.0% of business type activities revenue. The District's total revenues were approximately \$13.1 million, of which approximately \$12.7 million was for governmental activities and less than \$1 million was for business type activities.

As shown in Figure A-2, the District as a whole experienced a 1.1% increase in revenues and a 0.8% decrease in expenses. The District received \$100,000 for safety equipment improvements which accounted for the increase in revenues.

### Governmental Activities

Revenues for governmental activities were \$12,669,932 and expenses were \$10,619,003 for the year ended June 30, 2025.

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

**Figure A-3**  
**Total and Net Cost of Governmental Activities**  
**(Expressed in Thousands)**

	<u>Total Cost of Services</u>			<u>Net Cost of Services</u>		
	<u>2025</u>	<u>2024</u>	<u>Change</u> <u>2024-2025</u>	<u>2025</u>	<u>2024</u>	<u>Change</u> <u>2024-2025</u>
Instruction	\$ 6,511	6,692	-2.7%	3,610	4,320	-16.4%
Support services	3,002	2,887	4.0%	2,479	2,523	-1.7%
Non-instructional programs	---	---	0.0%	---	---	0.0%
Other expenses	<u>1,106</u>	<u>1,146</u>	<u>-3.5%</u>	<u>850</u>	<u>844</u>	<u>0.7%</u>
Total	\$ <u>10,619</u>	<u>10,725</u>	<u>-1.0%</u>	<u>6,939</u>	<u>7,687</u>	<u>-9.7%</u>

For the year ended June 30, 2025:

- The cost financed by users of the District’s programs was \$1,537,497.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,142,615.
- The net cost of governmental activities was financed with \$6,353,421 of property and other taxes and \$2,319,686 of unrestricted state grants.

### Business Type Activities

Revenues for business type activities during the year ended June 30, 2025, were \$463,898 representing a 10.5% decrease from the prior year, while expenses totaled \$583,801, a 3.7% increase from the prior year. The District’s business type activities include the School Nutrition Fund, and the Agri. Science Tech Student Construction Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## **INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$6,126,511, below last year's ending fund balances of \$6,529,503. This decrease can be attributed to the General and Capital Projects fund balance decreasing from the prior year.

### **Governmental Fund Highlights**

- The General Fund balance decreased from \$3,477,865 to \$3,213,956. The increase in revenues was more than offset by the District's increase in expenditures, requiring the District to use carryover fund balance to meet its financial obligations during the year.
- The Management Fund balance increased from \$463,191 to \$561,225. Local tax revenue increased about \$65,000 and expenditures decreased \$94,00 resulting in an increase in fund balance.
- The Debt Service Fund balance increased from \$205,762 at the end of fiscal year 2024 to \$248,990 at the end of fiscal year 2025. Revenues and expenditures didn't vary significantly from the prior year.
- The Capital Projects Fund balance decreased from \$2,327,730 at the end of fiscal year 2024 to \$2,045,283 at the end of fiscal year 2025. The primary reason for the decrease was due to continued facility improvement projects.

### **Proprietary Fund Highlights**

School Nutrition Fund net position decreased from \$273,582 at June 30, 2024 to \$153,620 at June 30, 2025, representing a decrease of approximately 43.8%. Revenue decreased approximately \$54,000 from the prior year as expenditures increased approximately \$21,000 over the prior year. The decrease in revenues was primarily due to a decrease in charges for meals and federal reimbursements for the student meal program.

The Agri. Science Tech. Student Construction Fund net position increased from \$12,419 at June 30, 2024 to \$13,479 at June 30, 2025, representing an increase of approximately 8.6%. Revenue and expenditures remained nearly the same as the prior year.

## BUDGETARY HIGHLIGHTS

The District's total revenues were \$18,036 more than total budgeted revenues, a variance of 0.1%.

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2025, the District had invested approximately \$20.1 million, net of accumulated depreciation/amortization, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-4) This represents a net increase of 4.6% over last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation/amortization expense for the year was \$920,948 for governmental activities and \$21,276 for business type activities.

The original cost of the District's capital assets was approximately \$31.9 million. Governmental funds account for approximately \$31.4 million, with about \$0.5 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$720,469 at June 30, 2025, compared to \$38,075 reported at June 30, 2024. The District is make improvements to a concession stand, gym sound system and replace a scoreboard.

**Figure A-4**  
**Capital Assets, Net of Depreciation**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	2024-2025
Land	\$ 39	39	---	---	39	39	0.0%
Construction in progress	720	38	---	---	720	38	1,794.7%
Buildings	16,020	16,457	---	---	16,020	16,457	-2.7%
Improvements other than buildings	1,593	1,194	---	---	1,593	1,194	33.4%
Furniture and equipment	1,564	1,296	110	131	1,674	1,427	17.3%
Right-to-use leased equipment	40	53	---	---	40	53	-24.5%
<b>Total</b>	<b>\$ 19,976</b>	<b>19,077</b>	<b>110</b>	<b>131</b>	<b>20,086</b>	<b>19,208</b>	<b>4.6%</b>

## Long-Term Debt

At June 30, 2025, the District had \$5,174,068 in total long-term debt outstanding. This represents a decrease of approximately 18.9% from last year. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$33.3 million.

The District had total outstanding bonded indebtedness at June 30, 2025 of \$4,131,987 which includes premiums of \$161,987.

**Figure A-5**  
**Outstanding Long-Term Obligations**  
**(Expressed in Thousands)**

	Total District June 30,	Total Change June 30,	
	Restated 2025	2024	2024-2025
General obligation bonds	\$ 4,132	5,067	-18.5%
Note payable	400	593	-32.5%
Lease agreements	42	53	-20.8%
Compensated absences	328	224	46.4%
Termination benefits	<u>272</u>	<u>445</u>	<u>-38.9%</u>
Total	\$ <u>5,174</u>	<u>6,382</u>	<u>-18.9%</u>

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Previous trend line data showed the District's student enrollment numbers to be steady with a slight decline over the past 10 years.
- The South Hamilton Community Schools has maintained a long history of receiving a significant number of students "open enrolled into" the District from the surrounding area. The substantially higher number of students "open enrolling in versus those choosing to open enroll out" yields positive gains as per South Hamilton student enrollment and the accompanying funds the District receives for their attendance. This enrollment trend continued, and data shows the number of open enrolled in students to hold steady over the next year.

- The State of Iowa's current trend is to provide limited and inadequate annual educational funding, in addition to, its more common practice to designate most all new funding in a restrictive manner. This trend looks to continue with the State supplemental aid going to be around 2.0% for FY27, and likely at a similar % for the coming fiscal years.
- The overall national and state economic climates are extremely challenging to all individuals and businesses in Iowa, including public schools that are dependent on State funds.
- The overall national and state economic climates are extremely challenging to all individuals and businesses in Iowa, including public schools that are dependent on State funds.
- The District's General Fund budget continues to be strained due to the fact many of the certified staff members are long-time employees, thus the overall average salary is significantly higher than is typical for a district of similar size. In addition, data shows historical salary settlements percentages with the certified staff have not aligned with state settlement averages and/or the 'new money' percentages afforded on an annual basis. The notable difference between available funding versus additional costs of settlements is impacting current fund balances. Although, the bargained % of annual increase in staffing cost has been notably lower than the previous ten-year period.
- South Hamilton maintains its Unspent Authorized Budget balance slightly above the 5-15%, targeting a level of approximately 20%. This provides flexibility to manage potential fluctuations in enrollment, state funding, and rising operational costs while ensuring the District remains within its authorized spending limits.

## **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 Lisa Ziesman, District Secretary/Treasurer and Business Manager, South Hamilton Community School District, 315 Division Street, Jewell, Iowa, 50130.

## **Basic Financial Statements**

South Hamilton Community School District  
Jewell, Iowa

Exhibit A

Statement of Net Position

June 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	South Hamilton School District Foundation
<b>Assets</b>				
Cash, cash equivalents and investments	\$ 6,698,148	125,635	6,823,783	1,129,513
Receivables:				
Property tax:				
Delinquent	30,115	-	30,115	-
Succeeding year	5,477,211	-	5,477,211	-
Accounts	9,358	6,083	15,441	-
Due from other governments	609,549	-	609,549	-
Due from/to other funds	5,472	(5,472)	-	-
Inventories	-	12,242	12,242	-
Capital assets, net of accumulated depreciation/amortization	19,976,335	110,071	20,086,406	-
<b>Total assets</b>	<b>32,806,188</b>	<b>248,559</b>	<b>33,054,747</b>	<b>1,129,513</b>
 <b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	663,377	30,812	694,189	-
OPEB related deferred outflows	331,898	13,101	344,999	-
<b>Total deferred outflows of resources</b>	<b>995,275</b>	<b>43,913</b>	<b>1,039,188</b>	<b>-</b>
 <b>Liabilities</b>				
Accounts payable	99,846	-	99,846	-
Salaries and benefits payable	721,194	-	721,194	-
Unearned revenue	-	13,513	13,513	-
Accrued interest payable	9,134	-	9,134	-
Long-term liabilities:				
Portion due within one year:				
General obligation bonds	475,000	-	475,000	-
Notes payable	195,000	-	195,000	-
Lease agreements	12,526	-	12,526	-
Termination benefits	62,284	-	62,284	-
Compensated absences	124,889	923	125,812	-
Portion due after one year:				
General obligation bonds	3,495,000	-	3,495,000	-
Bond premium	161,987	-	161,987	-
Notes payable	200,000	-	200,000	-
Loan premium	5,284	-	5,284	-
Lease agreements	29,382	-	29,382	-
Termination benefits	209,127	-	209,127	-
Compensated absences	203,589	7,206	210,795	-
Net pension liability	2,023,643	63,191	2,086,834	-
Total OPEB liability	700,342	27,645	727,987	-
<b>Total liabilities</b>	<b>8,728,227</b>	<b>112,478</b>	<b>8,840,705</b>	<b>-</b>

South Hamilton Community School District  
Jewell, Iowa

Exhibit A

Statement of Net Position

June 30, 2025

(continued)

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	South Hamilton School District Foundation
	<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	5,477,211	-	5,477,211	-
Pension related deferred inflows	237,688	7,213	244,901	-
OPEB related deferred inflows	143,959	5,683	149,642	-
<b>Total deferred inflows of resources</b>	<u>5,858,858</u>	<u>12,896</u>	<u>5,871,754</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	15,402,156	110,071	15,512,227	-
Restricted for:				
Categorical funding	410,467	-	410,467	-
Management levy purposes	289,814	-	289,814	-
Student activities	57,057	-	57,057	-
School infrastructure	1,390,121	-	1,390,121	-
Physical plant and equipment	655,162	-	655,162	-
Debt service	239,856	-	239,856	-
School District Foundation purposes	-	-	-	1,129,513
Unrestricted	<u>769,745</u>	<u>57,027</u>	<u>826,772</u>	<u>-</u>
<b>Total net position</b>	<u>\$ 19,214,378</u>	<u>167,098</u>	<u>19,381,476</u>	<u>1,129,513</u>

See notes to financial statements.

South Hamilton Community School District  
Jewell, Iowa  
Statement of Activities  
Year ended June 30, 2025

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
Governmental activities:				
Instruction:				
Regular instruction	\$ 4,006,676	1,036,216	1,062,828	-
Special instruction	1,149,006	125,497	85,262	-
Other instruction	1,355,627	220,934	370,385	-
	<u>6,511,309</u>	<u>1,382,647</u>	<u>1,518,475</u>	<u>-</u>
Support services:				
Student	58,451	-	-	-
Instructional staff	338,669	18,558	84,063	-
Administration	962,892	85,700	45,632	-
Operation and maintenance of plant	1,136,120	42,025	-	100,000
Transportation	505,847	8,567	138,618	-
	<u>3,001,979</u>	<u>154,850</u>	<u>268,313</u>	<u>100,000</u>
Other expenditures:				
Facilities acquisition	118,742	-	-	-
Long-term debt interest	114,224	-	-	-
AEA flowthrough	255,827	-	255,827	-
Depreciation/amortization (unallocated)*	616,922	-	-	-
	<u>1,105,715</u>	<u>-</u>	<u>255,827</u>	<u>-</u>
Total governmental activities	<u>10,619,003</u>	<u>1,537,497</u>	<u>2,042,615</u>	<u>100,000</u>
Business type activities:				
Instruction:				
Other	7,122	7,182	-	-
Support services:				
Operation and maintenance of plant	7,824	-	-	-
Non-instructional programs:				
Food service operations	568,855	226,388	230,721	-
Total business type activities	<u>583,801</u>	<u>233,570</u>	<u>230,721</u>	<u>-</u>
Total primary government	<u>\$ 11,202,804</u>	<u>1,771,067</u>	<u>2,273,336</u>	<u>100,000</u>
<b>Component Unit:</b>				
School District Foundation	\$ 56,050	6,725	178,055	-
<b>General Revenues:</b>				
Property tax levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Proceeds from insurance claims				
Loss on disposal of capital assets				
Total general revenues				
Change in net position				
Net position beginning of year, as restated				
Net position end of year				

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

Exhibit B

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	South Hamilton School District Foundation
(1,907,632)	-	(1,907,632)	-
(938,247)	-	(938,247)	-
(764,308)	-	(764,308)	-
<u>(3,610,187)</u>	<u>-</u>	<u>(3,610,187)</u>	<u>-</u>
(58,451)	-	(58,451)	-
(236,048)	-	(236,048)	-
(831,560)	-	(831,560)	-
(994,095)	-	(994,095)	-
(358,662)	-	(358,662)	-
<u>(2,478,816)</u>	<u>-</u>	<u>(2,478,816)</u>	<u>-</u>
(118,742)	-	(118,742)	-
(114,224)	-	(114,224)	-
-	-	-	-
(616,922)	-	(616,922)	-
(849,888)	-	(849,888)	-
<u>(6,938,891)</u>	<u>-</u>	<u>(6,938,891)</u>	<u>-</u>
-	60	60	-
-	(7,824)	(7,824)	-
-	(111,746)	(111,746)	-
-	(119,510)	(119,510)	-
<u>(6,938,891)</u>	<u>(119,510)</u>	<u>(7,058,401)</u>	<u>-</u>
-	-	-	128,730
\$ 3,619,762	-	3,619,762	-
1,045,421	-	1,045,421	-
516,061	-	516,061	-
367,319	-	367,319	-
804,858	-	804,858	-
2,319,686	-	2,319,686	-
261,991	365	262,356	59
25,907	-	25,907	-
28,815	-	28,815	-
-	(758)	(758)	-
<u>8,989,820</u>	<u>(393)</u>	<u>8,989,427</u>	<u>59</u>
2,050,929	(119,903)	1,931,026	128,789
17,163,449	287,001	17,450,450	1,000,724
<u>\$ 19,214,378</u>	<u>167,098</u>	<u>19,381,476</u>	<u>1,129,513</u>

South Hamilton Community School District  
Jewell, Iowa

Balance Sheet  
Governmental Funds

June 30, 2025

	<u>General</u>	<u>Special Revenue Management Levy</u>	<u>Capital Projects</u>	<u>Debt Service</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 3,836,132	557,131	1,979,533	243,035
Receivables:				
Property tax:				
Delinquent	17,126	4,094	2,940	5,955
Succeeding year	3,147,389	700,001	537,881	1,091,940
Accounts	-	-	5,636	-
Due from other funds	5,472	-	-	-
Due from other governments	525,146	-	84,403	-
<b>Total assets</b>	<u>\$ 7,531,265</u>	<u>1,261,226</u>	<u>2,610,393</u>	<u>1,340,930</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 69,496	-	27,229	-
Salaries and benefits payable	721,194	-	-	-
Total liabilities	<u>790,690</u>	<u>-</u>	<u>27,229</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	3,147,389	700,001	537,881	1,091,940
Income surtax	379,230	-	-	-
Total deferred inflows of resources	<u>3,526,619</u>	<u>700,001</u>	<u>537,881</u>	<u>1,091,940</u>
Fund balances:				
Restricted for:				
Categorical funding	410,467	-	-	-
Debt service	-	-	-	248,990
Management levy purposes	-	561,225	-	-
Student activities	-	-	-	-
School infrastructure	-	-	1,390,121	-
Physical plant and equipment	-	-	655,162	-
Unassigned	2,803,489	-	-	-
Total fund balances	<u>3,213,956</u>	<u>561,225</u>	<u>2,045,283</u>	<u>248,990</u>
<b>Total liabilities, deferred inflows of     resources and fund balances</b>	<u>\$ 7,531,265</u>	<u>1,261,226</u>	<u>2,610,393</u>	<u>1,340,930</u>

See notes to financial statements.

Exhibit C

<u>Nonmajor</u>	
<u>Special</u>	
<u>Revenue</u>	
<u>Student</u>	
<u>Activity</u>	<u>Total</u>
56,456	6,672,287
-	30,115
-	5,477,211
3,722	9,358
-	5,472
-	609,549
<u>60,178</u>	<u>12,803,992</u>
3,121	99,846
-	721,194
<u>3,121</u>	<u>821,040</u>
-	5,477,211
-	379,230
-	<u>5,856,441</u>
-	410,467
-	248,990
-	561,225
57,057	57,057
-	1,390,121
-	655,162
-	2,803,489
<u>57,057</u>	<u>6,126,511</u>
<u>60,178</u>	<u>12,803,992</u>

South Hamilton Community School District  
Jewell, Iowa

Exhibit D

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position

June 30, 2025

<b>Total fund balances of governmental funds (page 22)</b>			<b>\$ 6,126,511</b>
<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 as assets in the governmental funds.			19,976,335
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.			379,230
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.			(9,134)
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:			
Deferred outflows of resources		\$ 995,275	
Deferred inflows of resources		<u>(381,647)</u>	613,628
Long-term liabilities, including lease agreements payable, bonds and notes payable, compensated absences payable, termination benefits, total OPEB liability and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.			(7,898,053)
An internal service fund is used by the District to charge the employee flexible benefit program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.			<u>25,861</u>
<b>Net position of governmental activities (page 18)</b>			<b><u>\$ 19,214,378</u></b>

See notes to financial statements.

South Hamilton Community School District  
Jewell, Iowa  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year ended June 30, 2025

	<u>General</u>	<u>Special Revenue Management Levy</u>	<u>Capital Projects</u>	<u>Debt Service</u>
Revenues:				
Local sources:				
Local tax	\$ 3,315,961	716,801	516,061	1,045,421
Tuition	1,147,523	-	-	-
Other	342,977	10,232	84,199	22,106
State sources	4,116,686	8,688	811,097	12,638
Federal sources	222,089	-	-	-
Total revenues	<u>9,145,236</u>	<u>735,721</u>	<u>1,411,357</u>	<u>1,080,165</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,987,662	215,315	81,454	-
Special	1,195,601	-	-	-
Other	1,249,214	-	1,512	-
	<u>6,432,477</u>	<u>215,315</u>	<u>82,966</u>	<u>-</u>
Support services:				
Student	60,999	-	-	-
Instructional staff	434,498	-	17,923	-
Administration	918,769	1,222	54,307	-
Operation and maintenance of plant	800,066	385,091	98,071	-
Transportation	511,172	36,059	9,852	-
	<u>2,725,504</u>	<u>422,372</u>	<u>180,153</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	-	-	1,233,047	-
Long-term debt:				
Principal	-	-	-	1,115,946
Interest and fiscal charges	-	-	-	139,541
AEA flowthrough	255,827	-	-	-
	<u>255,827</u>	<u>-</u>	<u>1,233,047</u>	<u>1,255,487</u>
Total expenditures	<u>9,413,808</u>	<u>637,687</u>	<u>1,496,166</u>	<u>1,255,487</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(268,572)</u>	<u>98,034</u>	<u>(84,809)</u>	<u>(175,322)</u>
Other financing sources (uses):				
Proceeds from insurance claim	7,903	-	20,912	-
Transfers in	-	-	-	218,550
Transfers out	(3,240)	-	(218,550)	-
Total other financing sources (uses)	<u>4,663</u>	<u>-</u>	<u>(197,638)</u>	<u>218,550</u>
Change in fund balances	(263,909)	98,034	(282,447)	43,228
Fund balances beginning of year	3,477,865	463,191	2,327,730	205,762
Fund balances end of year	<u>\$ 3,213,956</u>	<u>561,225</u>	<u>2,045,283</u>	<u>248,990</u>

See notes to financial statements.

Exhibit E

<u>Nonmajor</u> <u>Special</u> <u>Revenue</u> <u>Student</u> <u>Activity</u>	<u>Total</u>
-	5,594,244
-	1,147,523
221,097	680,611
-	4,949,109
-	<u>222,089</u>
<u>221,097</u>	<u>12,593,576</u>
-	4,284,431
-	1,195,601
<u>222,235</u>	<u>1,472,961</u>
<u>222,235</u>	<u>6,952,993</u>
-	60,999
-	452,421
-	974,298
-	1,283,228
-	<u>557,083</u>
-	<u>3,328,029</u>
-	1,233,047
-	1,115,946
-	139,541
-	<u>255,827</u>
-	<u>2,744,361</u>
<u>222,235</u>	<u>13,025,383</u>
<u>(1,138)</u>	<u>(431,807)</u>
-	28,815
3,240	221,790
-	<u>(221,790)</u>
<u>3,240</u>	<u>28,815</u>
2,102	(402,992)
<u>54,955</u>	<u>6,529,503</u>
<u>57,057</u>	<u>6,126,511</u>

South Hamilton Community School District  
Jewell, Iowa

Exhibit F

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
to the Statement of Activities

Year ended June 30, 2025

**Change in fund balances - total governmental funds (page 25)** \$ (402,992)

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

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

Expenditures for capital assets	\$ 1,819,981	
Depreciation/amortization	<u>(920,948)</u>	899,033

Because some revenues will not be collected for several months after the year end, they are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds, as follows:

Income surtax		47,541
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Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments and premium amortization were, as follows:

Premium on bonds issued	23,005	
Repaid	<u>1,115,946</u>	1,138,951

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.

2,312

(continued)

South Hamilton Community School District  
Jewell, Iowa

Exhibit F

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
to the Statement of Activities

(continued)

Year ended June 30, 2025

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

468,798

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

Termination benefits	173,117	
Compensated absences	(104,107)	
Pension expense	(112,145)	
OPEB expense	<u>(60,975)</u>	(104,110)

An internal service fund is used to charge the cost of the flex spending plan to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.

1,396

**Change in net position of governmental activities (page 20)**

**\$ 2,050,929**

See notes to financial statements.

South Hamilton Community School District  
Jewell, Iowa

Statement of Net Position  
Proprietary Funds

June 30, 2025

	<u>School Nutrition</u>	<u>Nonmajor Enterprise Agri. Science Tech. Student Constr.</u>	<u>Total</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 114,581	11,054	125,635
Accounts receivable	6,083	-	6,083
Inventories	9,817	2,425	12,242
Total current assets	130,481	13,479	143,960
Noncurrent assets:			
Capital assets, net of accumulated depreciation	110,071	-	110,071
<b>Total assets</b>	<b>240,552</b>	<b>13,479</b>	<b>254,031</b>
 <b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	30,812	-	30,812
OPEB related deferred outflows	13,101	-	13,101
<b>Total deferred outflows of resources</b>	<b>43,913</b>	<b>-</b>	<b>43,913</b>
 <b>Liabilities</b>			
Current liabilities:			
Compensated absences	923	-	923
Due to other funds	5,472	-	5,472
Unearned revenue	13,513	-	13,513
Total current liabilities	19,908	-	19,908
Noncurrent liabilities:			
Compensated absences	7,206	-	7,206
Net pension liability	63,191	-	63,191
Total OPEB liability	27,645	-	27,645
Total noncurrent liabilities	98,042	-	98,042
<b>Total liabilities</b>	<b>117,950</b>	<b>-</b>	<b>117,950</b>

Exhibit G

Governmental  
Activities -  
Internal  
Service Fund

25,861

-

-

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25,861

-

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25,861

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(continued)

South Hamilton Community School District  
Jewell, Iowa

Statement of Net Position  
Proprietary Funds

June 30, 2025

	<u>School Nutrition</u>	<u>Nonmajor Enterprise Agri. Science Tech. Student Constr.</u>	<u>Total</u>
<b>Deferred Inflows of Resources</b>			
Pension related deferred inflows	7,213	-	7,213
OPEB related deferred inflows	<u>5,683</u>	-	<u>5,683</u>
<b>Total deferred inflows of resources</b>	<u>12,896</u>	-	<u>12,896</u>
 <b>Net Position</b>			
Net investment in capital assets	110,071	-	110,071
Unrestricted	<u>43,548</u>	<u>13,479</u>	<u>57,027</u>
<b>Total net position</b>	<u>\$ 153,619</u>	<u>13,479</u>	<u>167,098</u>

See notes to financial statements.

(continued)

Governmental  
Activities -  
Internal  
Service Fund

-

-

-

-

25,861

25,861

South Hamilton Community School District  
Jewell, Iowa

Exhibit H

Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds

Year ended June 30, 2025

	<u>School Nutrition</u>	<u>Nonmajor Enterprise Agri. Science Tech. Student Constr.</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
Operating revenues:				
Local sources:				
Charges for service	\$ 225,088	7,182	232,270	38,574
Miscellaneous	1,302	-	1,302	-
Total operating revenues	<u>226,390</u>	<u>7,182</u>	<u>233,572</u>	<u>38,574</u>
Operating expenses:				
Instruction:				
Supplies	-	7,122	7,122	-
Support services:				
Operation and maintenance of plant	7,824	-	7,824	-
Non-instructional programs:				
Salaries	195,708	-	195,708	-
Benefits	54,520	-	54,520	37,984
Purchased services	649	-	649	-
Supplies	296,702	-	296,702	-
Depreciation	21,276	-	21,276	-
	<u>568,855</u>	<u>-</u>	<u>568,855</u>	<u>37,984</u>
Total operating expenses	<u>576,679</u>	<u>7,122</u>	<u>583,801</u>	<u>37,984</u>
Operating income (loss)	<u>(350,289)</u>	<u>60</u>	<u>(350,229)</u>	<u>590</u>
Non-operating revenues:				
State sources	2,632	-	2,632	-
Federal sources	226,093	-	226,093	-
Interest income	365	-	365	806
Contributions	1,995	-	1,995	-
Total non-operating revenues	<u>231,085</u>	<u>-</u>	<u>231,085</u>	<u>806</u>
Income (loss) before loss on disposal of capital assets	(119,204)	60	(119,144)	1,396
Loss on disposal of capital assets	<u>(758)</u>	<u>-</u>	<u>(758)</u>	<u>-</u>
Increase (decrease) in net position	(119,962)	60	(119,902)	1,396
Net position beginning of year, as restated	273,582	13,419	287,001	24,465
Net position end of year	<u>\$ 153,620</u>	<u>13,479</u>	<u>167,099</u>	<u>25,861</u>

See notes to financial statements.

South Hamilton Community School District  
Jewell, Iowa

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2025

	<u>School Nutrition</u>	<u>Nonmajor Enterprise Agri. Science Tech. Student Constr.</u>
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 228,913	-
Cash received from other services	1,302	7,182
Cash paid to employees for services	(262,405)	-
Cash paid to suppliers for goods or services	<u>(264,527)</u>	<u>(7,122)</u>
Net cash provided by (used by) operating activities	<u>(296,717)</u>	<u>60</u>
Cash flows from non-capital financing activities:		
Contributions	1,995	-
State grants received	2,632	-
Federal grants received	185,261	-
General Fund loan received	<u>681</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>190,569</u>	<u>-</u>
Cash flows used by capital and related financing activities:		
Acquisition of capital assets	<u>(1,393)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>365</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(107,176)	60
Cash and cash equivalents beginning of year	<u>221,757</u>	<u>10,994</u>
Cash and cash equivalents end of year	<u>\$ 114,581</u>	<u>11,054</u>

Exhibit I

<u>Total</u>	Governmental Activities - Internal <u>Service Fund</u>
228,913	-
8,484	38,574
(262,405)	(37,984)
<u>(271,649)</u>	-
<u>(296,657)</u>	<u>590</u>
1,995	-
2,632	-
185,261	-
<u>681</u>	-
<u>190,569</u>	-
<u>(1,393)</u>	-
<u>365</u>	<u>806</u>
(107,116)	1,396
<u>232,751</u>	<u>24,465</u>
<u>125,635</u>	<u>25,861</u>

(continued)

South Hamilton Community School District  
Jewell, Iowa

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2025

	<u>School Nutrition</u>	<u>Nonmajor Enterprise Agri. Science Tech. Student Constr.</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:</b>		
Operating income (loss)	\$ (350,289)	60
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:		
Commodities used	40,832	-
Depreciation	21,276	-
(Increase) Decrease in accounts receivable	(1,651)	-
(Increase) Decrease in inventories	1,991	-
Increase (Decrease) in accounts payable	(2,175)	-
Increase (Decrease) in unearned revenue	5,476	-
Increase (Decrease) in compensated absences	(131)	-
Increase (Decrease) in net pension liability	(18,991)	-
(Increase) Decrease in deferred outflows of resources	9,849	-
Increase (Decrease) in deferred inflows of resources	(3,752)	-
Increase (Decrease) in OPEB liability	848	-
Net cash provided by (used by) operating activities	\$ (296,717)	60

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

During the year ended June 30, 2025, the District received \$40,832 of federal commodities.

See notes to financial statements.

Exhibit I

(continued)

<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
(350,229)	590
40,832	-
21,276	-
(1,651)	-
1,991	-
(2,175)	-
5,476	-
(131)	-
(18,991)	-
9,849	-
(3,752)	-
848	-
<u>(296,657)</u>	<u>590</u>

South Hamilton Community School District  
Jewell, Iowa

Exhibit J

Statement of Fiduciary Net Position  
Fiduciary Funds

June 30, 2025

Private  
Purpose  
Trust  
Scholarship

**Assets**

Cash, cash equivalents and investments \$ 9,926

**Total assets** 9,926

**Liabilities**

Other payables -

**Total liabilities** -

**Net Position**

Restricted for:

Scholarships 9,926

**Total net position** \$ 9,926

See notes to financial statements.

South Hamilton Community School District  
Jewell, Iowa

Exhibit K

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds

Year ended June 30, 2025

	<u>Private Purpose Trust Scholarship</u>	<u>Custodial</u>
Additions:		
Local sources:	\$ <u>          -</u>	<u>          -</u>
Deductions:		
Instruction:		
Regular:		
Scholarships awarded	250	-
Other	<u>267</u>	<u>364</u>
Total deductions	<u>517</u>	<u>364</u>
Change in net position	(517)	(364)
Net position beginning of year	<u>10,443</u>	<u>364</u>
Net position end of year	<u><u>\$ 9,926</u></u>	<u><u>          -</u></u>

See notes to financial statements.

South Hamilton Community School District  
Jewell, Iowa

Notes to Financial Statements

June 30, 2025

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

South Hamilton Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the cities of Jewell, Ellsworth, Randall and Stanhope, Iowa and the predominate agricultural territory in Boone and Hamilton counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

**A. Reporting Entity**

For financial reporting purposes, South Hamilton Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has one component unit which meets the Governmental Accounting Standards Board criteria.

The financial statements present the South Hamilton Community School District and its component unit, the South Hamilton School District Foundation. The component unit, discussed below, is included in the District's reporting entity because of the significance of its operational or financial relationship with the District.

Discretely Presented Component Unit – The South Hamilton School District Foundation is a separate nonprofit organization organized to maintain, develop, increase and extend the facilities and services of the South Hamilton Community School District, and to provide broader education service opportunities to its students, staff, faculty and the residents of the South Hamilton Community School District. The records are maintained on the basis of cash receipts and disbursements.

South Hamilton Community School District  
Jewell, Iowa

Notes to Financial Statements

June 30, 2025

The School District Foundation meets the definition of a component unit which should be discretely presented. The Foundation's financial statements have not been audited and we do not express an opinion on them.

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

B. Basis of Presentation

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

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

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

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

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

South Hamilton Community School District  
Jewell, Iowa

Notes to Financial Statements

June 30, 2025

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

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

The District reports the following major governmental funds:

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

The Special Revenue, Management Levy Fund is used to account for the cost of unemployment benefits, liability insurance and agreements, costs of judgments, and certain early retirement benefits.

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

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

The District reports the following major proprietary fund.

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

South Hamilton Community School District  
Jewell, Iowa

Notes to Financial Statements

June 30, 2025

The Enterprise, Agri. Science Tech. Student Construction Fund is used for the funding and development of student construction projects.

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.

The Custodial Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments.

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.

South Hamilton Community School District  
Jewell, Iowa

Notes to Financial Statements

June 30, 2025

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

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

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

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

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 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 amortized cost.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2023 assessed property valuations; is for the tax accrual period July 1, 2024 through June 30, 2025 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2024.

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

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

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Capital Assets – Capital assets are tangible and intangible assets, which include property, furniture and equipment and are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 25,000
Buildings	25,000
Improvements other than buildings	25,000
Right-to-use leased assets	5,000
Right-to-use subscription assets	5,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50
Improvements other than buildings	20
Right-to-use leased assets	2-20
Right-to-use subscription assets	2-10
Furniture and equipment	5-20

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Leases – South Hamilton Community School District is the lessee for a noncancellable lease of equipment. The District has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes leases with an initial, individual value of \$5,000 or more.

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

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

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

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

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

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

Subscription-Based Information Technology Arrangements (SBITA) – South Hamilton Community School District has entered into a contract that conveys control of right-to-use information technology software. The District has recognized an IT subscription liability and an intangible right-to-use IT subscription asset in the

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government-wide financial statements. The District recognizes IT subscription liabilities with an initial individual value of \$5,000, or more.

At the commencement of the IT subscription term, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the IT subscription liability is reduced by the principal portion of payments made. The right-to-use IT subscription asset is initially measured as the sum of the initial IT subscription liability, adjusted for payments made at or before the commencement date, plus capitalization implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the right-to-use IT subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to IT subscription arrangements include how South Hamilton Community School District determines the discount rate it uses to discount the expected payments to present value, term and payments.

South Hamilton Community School District uses the interest rate charged by the IT subscription vendor as the discount rate. When the interest rate charged by the vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate.

The IT subscription term includes the noncancellable period of the subscription. Payments included in the measurement of the liability are composed of fixed payments.

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

Right-to-use IT subscription assets are reported with other capital assets and IT subscription liabilities are reported with long-term debt on the Statement of Net Position.

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

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

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

Unearned Revenues – Unearned revenues are monies collected for meals that have not yet been served. The meal account balances will either be reimbursed or used for meals in the next fiscal year. The meal account balances are reflected on the Statement of Net Position in the Enterprise, School Nutrition Fund.

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

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

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June 30, 2025

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 and business-type activities will be paid primarily by the General Fund and the Enterprise, School Nutrition 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 South Hamilton Community School 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 and business-type activities will be paid primarily by the General Fund and the Enterprise, School Nutrition Fund.

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

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

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

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

Unassigned – All amounts not included in the preceding classification.

E. Estimates

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

F. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2025, expenditures did not exceed the amount budgeted.

**(2) Cash, Cash Equivalents and Investments**

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.

Interest Rate Risk – The District’s investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

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Notes to Financial Statements

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A reconciliation of cash, cash equivalents and investments as shown on the financial statements of the District is as follows:

	<u>Statement of Net Position</u>	<u>Statement of Fiduciary Net Position</u>	<u>Component Unit</u>
Depository accounts	\$ 6,823,783	4,360	153,274
Certificate of deposit	---	5,566	---
Investments	---	---	976,239
	<u>\$ 6,823,783</u>	<u>9,926</u>	<u>1,129,513</u>

The Component Unit categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District's recurring fair value measurements as of June 30, 2025 were valued using quoted market prices (Level 1 inputs).

Concentration of Credit Risk – The District's investment policy seeks diversification to reduce overall portfolio risk while maintaining market rates of return to enable the District to meet its anticipated cash requirements. The District does not have a policy specific to concentration of credit risk. At June 30, 2025, the District had no investments subject to concentration of credit risk.

Custodial Credit Risk – For deposits, this is the risk that in the event of bank failure, the District's deposits may not be returned. For an investment, this is the risk that in the event of failure of the counterparty, the District will not be able to recover the value of the investments or collateral securities that are in the possession of the outside party. The District's deposits in banks at June 30, 2025, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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Notes to Financial Statements

June 30, 2025

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

The detail of interfund receivables and payables at June 30, 2025 is as follows:

Receivable Fund	Payable Fund	Amount
General	Enterprise: Nutrition	\$ 5,472

The Enterprise: Nutrition Fund will reimburse the General Fund for July and August 2025 payroll that was initially processed through the General Fund. The balance will be repaid by June 30, 2026.

**(4) Interfund Transfers**

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

Transfer to	Transfer from	Amount
Special Revenue: Student Activity	General	\$ <u>3,240</u>
Debt Service	Capital Projects: Physical Plant and Equipment Levy Fund	<u>218,550</u>
Total		\$ <u>221,790</u>

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

The transfer from the General Fund to the Special Revenue: Student Activity Fund was for reimbursement of safety equipment expenses.

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

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**(5) Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 39,301	---	---	39,301
Construction in progress	<u>38,075</u>	<u>682,394</u>	---	<u>720,469</u>
Total capital assets not being depreciated	<u>77,376</u>	<u>682,394</u>	---	<u>759,770</u>
Capital assets being depreciated/amortized:				
Buildings	23,898,590	58,408	---	23,956,998
Improvements other than buildings	2,168,247	500,056	---	2,668,303
Furniture and equipment	3,353,259	579,123	---	3,932,382
Right-to-use leased equipment	63,311	---	---	63,311
Right-to-use subscription asset	<u>4,037</u>	---	<u>(4,037)</u>	---
Total capital assets being depreciated/amortized	<u>29,487,444</u>	<u>1,137,587</u>	<u>(4,037)</u>	<u>30,620,994</u>
Less accumulated depreciation/amortization for:				
Buildings	7,441,722	495,951	---	7,937,673
Improvements other than buildings	973,705	101,450	---	1,075,155
Furniture and equipment	2,057,502	310,885	---	2,368,387
Right-to-use leased equipment	10,552	12,662	---	23,214
Right-to-use subscription asset	<u>4,037</u>	---	<u>(4,037)</u>	---
Total accumulated depreciation/amortization	<u>10,487,518</u>	<u>920,948</u>	<u>(4,037)</u>	<u>11,404,429</u>
Total capital assets being depreciated/amortized, net	<u>18,999,926</u>	<u>216,639</u>	---	<u>19,216,565</u>
Governmental activities capital assets, net	\$ <u>19,077,302</u>	<u>899,033</u>	---	<u>19,976,335</u>
<b>Business type activities:</b>				
Furniture and equipment	\$ 463,718	1,393	(1,298)	463,813
Less accumulated depreciation	<u>333,006</u>	<u>21,276</u>	<u>(540)</u>	<u>353,742</u>
Business type activities capital assets, net	\$ <u>130,712</u>	<u>(19,883)</u>	<u>(758)</u>	<u>110,071</u>

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Depreciation/amortization expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 21,082
Other	7,950

Support services:

Instructional staff	65,067
Administration	17,570
Operation and maintenance of plant	48,852
Transportation	<u>143,505</u>

Unallocated	<u>616,922</u>
Total depreciation/amortization expense – governmental activities	\$ <u>920,948</u>

Business type activities:

Food service operations	\$ <u>21,276</u>
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**(6) Long-Term Liabilities**

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

	Balance Beginning of Year, as Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Lease agreements	\$ 52,854	---	10,946	41,908	12,526
General obligation bonds	5,067,235	---	935,248	4,131,987 (1)	475,000
Note payable	593,041	---	192,757	400,284 (2)	195,000
Termination benefits	444,528	---	173,117	271,411	62,284
Compensated absences	224,371	104,107 *	---	328,478	124,889
Net pension liability	2,584,299	---	560,656	2,023,643	---
Total OPEB liability	<u>678,847</u>	<u>21,495</u>	<u>---</u>	<u>700,342</u>	<u>---</u>
Total	<u>\$ 9,645,175</u>	<u>125,602</u>	<u>1,872,724</u>	<u>7,898,053</u>	<u>869,699</u>

(1) Bonds were sold at a premium; unamortized premium at June 30, 2025 totaled \$161,987.

(2) Notes were sold at a premium; unamortized premium at June 30, 2025 totaled \$5,284.

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Notes to Financial Statements

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	Balance Beginning of Year, as Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Compensated absences	\$ 8,259	---	130 *	8,129	923
Net pension liability	82,182	---	18,991	63,191	---
Total OPEB liability	<u>26,797</u>	<u>848</u>	<u>---</u>	<u>27,645</u>	<u>---</u>
Total	<u>\$ 117,238</u>	<u>848</u>	<u>19,121</u>	<u>98,965</u>	<u>923</u>

\* The change in compensated absences liability is presented as a net change.

Lease Agreements

On August 10, 2023, the District entered into a lease agreement for copiers. An initial lease liability was recorded in the amount of \$63,311. The agreement requires monthly payments of \$1,195 over 5 years with an implicit interest rate of 5.00% and final payment due July, 2028. During the year ended June 30, 2025, principal and interest paid were \$10,946 and \$2,196, respectively.

Year	Interest			
Ending June 30,	Rates	Principal	Interest	Total
2026	5.00%	\$ 12,526	1,811	14,337
2027	5.00	13,167	1,170	14,337
2028	5.00	13,841	496	14,337
2029	5.00	2,374	15	2,389
Total		<u>\$ 41,908</u>	<u>3,492</u>	<u>45,400</u>

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General Obligation Bonds

Details of the District's June 30, 2025 general obligation indebtedness are as follows:

Year Ending <u>June 30,</u>	<u>Bond Issue of June 1, 2016</u>			
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	2.25%	\$ 475,000	99,138	574,138
2027	2.25	485,000	88,450	573,450
2028	2.25	495,000	77,538	572,538
2029	2.25	505,000	66,400	571,400
2030	2.50	515,000	55,038	570,038
2031-2033	2.75-3.00	<u>1,495,000</u>	<u>82,350</u>	<u>1,577,350</u>
Total		<u>\$ 3,970,000</u>	<u>468,914</u>	<u>4,438,914</u>

On June 1, 2016, the District issued \$9,690,000 of general obligation bonds to pay the cost to remodel, repair, improve, furnish and equip the existing high school building including mechanical and electrical upgrades. The bonds bear interest at rates ranging from 2.00% to 3.00% per annum. During the year ended June 30, 2025, principal and interest paid were \$915,000 and \$121,938, respectively.

During the year ended June 30, 2025, the District levied an additional \$450,000 for the purpose of paying principal on the above general obligation bonds to be called on June 1, 2025 resulting in a savings of \$117,300 in interest costs. The District also called bonds on June 1, 2024 and to date the District has saved \$612,750 in interest costs.

Capital Loan Notes Payable

Details of the District's June 30, 2025, capital loan notes indebtedness are as follows:

Year Ending <u>June 30,</u>	<u>Issued June 1, 2017</u>			
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	2.65%	\$ 195,000	10,468	205,468
2027	2.65	200,000	5,300	205,300
Total		<u>\$ 395,000</u>	<u>15,768</u>	<u>410,768</u>

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During the year ended June 30, 2025, principal and interest paid were \$190,000 and \$15,408, respectively.

Termination Benefits

The District offers a voluntary early retirement plan to employees for fiscal year 2022. Eligible employees must have completed at least fifteen years of continuous service to date of retirement in the District and must have reached the age of fifty-five years on his/her date of retirement. Employees must complete an application for early retirement which is subject to approval by the Board of Education.

For certified teaching employees the early retirement benefits are equal to \$1,000 per year of service. The early retirement benefit will be paid as a lump sum payment in September 2022 into a 403b plan. The retiree will also receive school paid single insurance for up to five years.

The District offers a voluntary early retirement plan to employees for fiscal year 2024. Eligible employees must have completed at least fifteen years of continuous service to date of retirement in the District and must have reached the age of fifty-five years on his/her date of retirement. Employees must complete an application for early retirement which is subject to approval by the Board of Education.

For licensed employees the early retirement benefits are equal to \$1,000 per year of service to the District. The early retirement benefit will be paid as a lump sum payment in September 2024 into a 403b plan. The retiree will also receive school paid single insurance for up to five years.

At June 30, 2025, the District had obligations to eight participants with a total liability of \$271,411. Actual early retirement expenditures for the year ended June 30, 2025 totaled \$155,901.

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**(7) Pension Plan**

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

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general 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 Regular member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

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June 30, 2025

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 2025, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2025, totaled \$487,235.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2025, the District reported a liability of \$2,086,834 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers.

South Hamilton Community School District  
Jewell, Iowa

Notes to Financial Statements

June 30, 2025

At June 30, 2024, the District's proportion was 0.057307%, which was a decrease of 0.001769% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$116,130. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 166,051	1,296
Changes of assumptions	-	29
Net difference between projected and actual earnings on IPERS' investments	26,099	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	14,804	243,576
District contributions subsequent to the measurement date	487,235	-
Total	\$ 694,189	244,901

\$487,235 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2026	\$ (383,532)
2027	453,171
2028	(15,312)
2029	(89,321)
2030	(2,953)
Total	\$ (37,947)

There were no non-employer contributing entities to IPERS.

South Hamilton Community School District  
Jewell, Iowa

Notes to Financial Statements

June 30, 2025

Actuarial Assumptions – The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

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

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

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

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

South Hamilton Community School District  
Jewell, Iowa

Notes to Financial Statements

June 30, 2025

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

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS’ fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS’ investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
District’s proportionate share of the net pension liability	\$ 5,121,054	2,086,834	(454,341)

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

Payables to IPERS – At June 30, 2025, the District reported no payables to IPERS.

South Hamilton Community School District  
Jewell, Iowa

Notes to Financial Statements

June 30, 2025

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

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Active employees	<u>79</u>
Total	<u>89</u>

Total OPEB Liability – The District's total OPEB liability of \$727,987 was measured as of June 30, 2025, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2025, 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, 2025)	3.00% per annum.
Rates of salary increase (effective June 30, 2025)	2.50% per annum.
Discount rate (effective June 30, 2025)	3.65% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2025)	5.25% initial rate decreasing by .25% annually to an ultimate rate of 5.00%.

South Hamilton Community School District  
Jewell, Iowa

Notes to Financial Statements

June 30, 2025

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

Mortality rates are from the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2021 generational projection of future mortality improvement. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 705,644
Changes for the year:	
Service cost	37,258
Interest	26,362
Differences between expected and actual experiences	---
Changes in assumptions	---
Benefit payments	<u>(41,277)</u>
Net changes	<u>22,343</u>
Total OPEB liability end of year	<u>\$ 727,987</u>

Changes in assumptions reflect no change in the discount rate of 3.65% in fiscal year 2024 to fiscal year 2025.

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

	1% Decrease <u>(2.65%)</u>	Discount Rate <u>(3.65%)</u>	1% Increase <u>(4.65%)</u>
Total OPEB liability	\$ 780,703	727,987	679,100

South Hamilton Community School District  
Jewell, Iowa

Notes to Financial Statements

June 30, 2025

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.25%) or 1% higher (6.25%) than the current healthcare cost trend rates.

	1% Decrease <u>(4.25%)</u>	Healthcare Cost Trend Rate <u>(5.25%)</u>	1% Increase <u>(6.25%)</u>
Total OPEB liability	\$ 663,810	727,987	803,463

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2025, the District recognized OPEB expense of \$104,659. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 168,106	32,778
Changes in assumptions	<u>176,893</u>	<u>116,864</u>
Total	<u>\$ 344,999</u>	<u>149,642</u>

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

Year ending <u>June 30,</u>	<u>Amount</u>
2026	\$ 41,039
2027	41,039
2028	41,039
2029	39,012
2030	13,633
Thereafter	<u>19,595</u>
	<u>\$ 195,357</u>

South Hamilton Community School District  
Jewell, Iowa

Notes to Financial Statements

June 30, 2025

**(9) 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.

The District is a member of the Iowa Local Government Risk Pool Commission (Iowa LGRP), which is a 28E founded in 2019 in an effort to provide greater stability to school district budgets by pooling risks. Iowa LGRP is serviced by WoodRiver Energy and ISFIS. The program provides natural gas services for a single fixed premium at the beginning of each fiscal year, which covers all natural gas services from utility expenses to the gas itself. Payments to Iowa LGRP by the District for fiscal year 2025 were \$117,111.

**(10) 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 \$255,827 for the year ended June 30, 2025 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(11) Operating Leases**

The District entered into a lease June 19, 2022 with Pitney Bowes, Inc. for a postage machine for a period of 60 months. The amount paid for the fiscal year ended June 30, 2025, was \$479. Future payments are scheduled as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2026	\$ 638
2027	<u>479</u>
Total	<u>\$ 1,117</u>

South Hamilton Community School District  
Jewell, Iowa

Notes to Financial Statements

June 30, 2025

**(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

The City of Jewell offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2025, under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Jewell	Chapter 404 tax abatement program	\$ 10,180

**(13) Construction Commitments**

The District entered into contracts totaling \$997,706 for a concession stand project, gym sound system and a scoreboard. As of June 30, 2025, costs of \$720,469 have been incurred against the contracts. The balance of \$277,237 remaining at June 30, 2025 will be paid as work on the project progress.

**(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.

South Hamilton Community School District  
Jewell, Iowa

Notes to Financial Statements

June 30, 2025

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2025.

<u>Program</u>	<u>Amount</u>
Home School Assistance Program	\$ 377,618
Statewide Voluntary Four-year Old Preschool	16,720
Teacher Salary Supplement	15,944
Early Intervention	96
Professional Development	89
Total	<u>\$ 410,467</u>

**(15) Change in Area Education Agency Funding**

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

**(16) Accounting Changes/Restatement**

Governmental Accounting Standards Board Statement No. 101, Compensated Absences, was implemented during fiscal year 2025. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

South Hamilton Community School District  
Jewell, Iowa

Notes to Financial Statements

June 30, 2025

	<u>Governmental Activities</u>	<u>Business -Type Activities</u>	<u>School Nutrition</u>
Balances June 30, 2024, as previously reported	\$ 17,387,820	295,260	281,841
Change to implement GASBS No. 101	<u>(224,371)</u>	<u>(8,259)</u>	<u>(8,259)</u>
Balances July 1, 2024, as restated	<u>\$ 17,163,449</u>	<u>287,001</u>	<u>273,582</u>

**(17) Prospective Accounting Changes**

The Governmental Accounting Standards Board has issued Statement No. 103, Financial Reporting Model Improvements. This statement will be implemented for the fiscal year ending June 30, 2026. This statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This statement also addresses certain application issues.

The Governmental Accounting Standards Board has issued Statement No. 104, Disclosure of Certain Capital Assets. This statement will be implemented for the fiscal year ending June 30, 2026. This statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital asset note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital asset note disclosures. Subscription assets recognized in accordance with Statement No. 96 Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale.

District management has not yet determined the effect these pronouncements will have on the District’s financial statements.

South Hamilton Community School District  
Jewell, Iowa

Notes to Financial Statements

June 30, 2025

**(18) Subsequent Events**

Subsequent events have been evaluated through March 30, 2026, which is the date the financial statements were available to be issued.

On July 14, 2025, the Board adopted the resolution supporting the proposed issuance of approximately \$7,500,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds.

On March 9, 2026, the Board approved the bid for the intercom system for \$182,043 and purchase of Chromebooks for \$131,811.

On March 23, 2026, the Board approved the bid for the auxiliary gym project for \$5,757,000 with two alternates included: 1) dovetail roof decking for \$109,000 and 2) upgrades gym flooring for \$50,000.

## **Required Supplementary Information**

South Hamilton Community School District  
Jewell, Iowa

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2025

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>
<b>Revenues:</b>		
Local sources	\$ 7,422,378	235,932
State sources	4,949,109	2,632
Federal sources	<u>222,089</u>	<u>226,093</u>
Total revenues	<u>12,593,576</u>	<u>464,657</u>
<b>Expenditures/Expenses:</b>		
Instruction	6,952,993	7,122
Support services	3,328,029	7,824
Non-instructional programs	-	568,855
Other expenditures	<u>2,744,361</u>	<u>-</u>
Total expenditures/expenses	<u>13,025,383</u>	<u>583,801</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(431,807)	(119,144)
Other financing sources, net	<u>28,815</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(402,992)	(119,144)
Balances beginning of year	<u>6,529,503</u>	<u>287,001</u>
Balances end of year	<u>\$ 6,126,511</u>	<u>167,857</u>

See accompanying independent auditor's report.

<u>Total Actual</u>	<u>Budgeted Amounts</u>		<u>Final to Actual Variance</u>
	<u>Original</u>	<u>Final</u>	
7,658,310	7,714,916	7,714,916	(56,606)
4,951,741	4,870,281	4,870,281	81,460
448,182	455,000	455,000	(6,818)
<u>13,058,233</u>	<u>13,040,197</u>	<u>13,040,197</u>	<u>18,036</u>
6,960,115	8,676,600	8,676,600	1,716,485
3,335,853	3,595,170	3,595,170	259,317
568,855	600,000	600,000	31,145
2,744,361	3,082,572	3,082,572	338,211
<u>13,609,184</u>	<u>15,954,342</u>	<u>15,954,342</u>	<u>2,345,158</u>
(550,951)	(2,914,145)	(2,914,145)	2,363,194
<u>28,815</u>	<u>1,500</u>	<u>1,500</u>	<u>27,315</u>
(522,136)	(2,912,645)	(2,912,645)	2,390,509
<u>6,816,504</u>	<u>5,752,197</u>	<u>5,752,197</u>	<u>1,064,307</u>
<u>6,294,368</u>	<u>2,839,552</u>	<u>2,839,552</u>	<u>3,454,816</u>

South Hamilton Community School District  
Jewell, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2025

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

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

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

During the year ended June 30, 2025, expenditures did not exceed the amounts budgeted.

South Hamilton Community School District  
Jewell, Iowa

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Ten Years\*  
(In Thousands)

Required Supplementary Information

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
District's proportion of the net pension liability	0.057307%	0.059076%	0.064810%	-0.024772% **
District's proportionate share of the net pension liability	\$ 2,087	2,666	2,449	86
District's covered payroll	\$ 5,244	5,188	5,209	4,951
District's proportionate share of the net pension liability as a percentage of its covered payroll	39.80%	51.39%	47.01%	1.74%
IPERS' net position as a percentage of the total pension liability	92.30%	90.13%	91.40%	100.81%

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

\*\* Overall plan net pension asset.

See accompanying independent auditor's report.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
0.065494%	0.069703%	0.068258%	0.068023%	0.070737%	0.072270%
4,601	4,036	4,320	4,531	4,452	3,570
5,198	5,305	5,130	5,094	5,076	4,951
88.51%	76.08%	84.21%	88.95%	87.71%	72.11%
82.90%	85.45%	83.62%	82.21%	81.82%	85.19%

South Hamilton Community School District  
Jewell, Iowa

Schedule of District Contributions

Iowa Public Employees' Retirement System  
For the Last Ten Years  
(In Thousands)

Required Supplementary Information

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Statutorily required contribution	\$ 487	495	490
Contributions in relation to the statutorily required contribution	<u>(487)</u>	<u>(495)</u>	<u>(490)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ 5,154	5,244	5,188
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%

See accompanying independent auditor's report.

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
492	467	491	501	458	453	453
<u>(492)</u>	<u>(467)</u>	<u>(491)</u>	<u>(501)</u>	<u>(458)</u>	<u>(453)</u>	<u>(453)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
5,209	4,951	5,198	5,305	5,130	5,094	5,076
9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%

South Hamilton Community School District  
Jewell, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2025

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

South Hamilton Community School District  
Jewell, Iowa

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

For the Last Eight Years  
Required Supplementary Information

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Service cost	\$ 37,258	36,349	50,131
Interest cost	26,362	25,926	16,147
Difference between expected and actual experiences	-	90,547	-
Changes in assumptions	-	(142,834)	-
Benefit payments	(41,277)	(61,164)	(27,708)
Net change in total OPEB liability	22,343	(51,176)	38,570
Total OPEB liability beginning of year	705,644	756,820	718,250
Total OPEB liability end of year	<u>\$ 727,987</u>	<u>705,644</u>	<u>756,820</u>
Covered-employee payroll	\$4,365,584	3,785,471	3,595,103
 Total OPEB liability as a percentage of covered-employee payroll	 16.68%	 18.64%	 21.05%

See accompanying independent auditor's report.

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
48,909	24,396	23,801	10,974	10,974
15,243	16,078	15,442	5,766	5,785
146,995	-	(70,748)	(8,381)	(7,263)
57,090	-	356,339	-	-
<u>(18,553)</u>	<u>(13,749)</u>	<u>(29,582)</u>	<u>(10,855)</u>	<u>(8,759)</u>
249,684	26,725	295,252	(2,496)	737
<u>468,566</u>	<u>441,841</u>	<u>146,589</u>	<u>149,085</u>	<u>148,348</u>
<u>718,250</u>	<u>468,566</u>	<u>441,841</u>	<u>146,589</u>	<u>149,085</u>
<u>4,022,309</u>	<u>3,902,984</u>	<u>3,198,511</u>	<u>3,398,895</u>	<u>3,291,951</u>
17.86%	12.01%	13.81%	4.31%	4.53%

South Hamilton Community School District  
Jewell, Iowa

Notes to Required Supplementary Information – OPEB Liability

Year ended June 30, 2025

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

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

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

Year ended June 30, 2025	3.65%
Year ended June 30, 2024	3.65%
Year ended June 30, 2023	2.14%
Year ended June 30, 2022	2.14%
Year ended June 30, 2021	3.50%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.72%
Year ended June 30, 2018	3.72%
Year ended June 30, 2017	3.72%

## **Supplementary Information**

South Hamilton Community School District  
Jewell, Iowa

Schedule 1

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2025

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Intra- Fund Transfers</u>	<u>Balance End of Year</u>
Dramatics	\$ 5,203	3,778	4,443	-	4,538
FFA	25,155	35,048	38,506	(7,874)	13,823
FCCLA	559	6,418	5,979	-	998
Student Council	3,712	8,341	7,654	-	4,399
National Honor Society	-	170	112	-	58
Spanish Club	4	55	30	-	29
Yearbook	-	3,280	2,940	-	340
TAG/Robotics Club	-	1,635	1,136	-	499
Athletics	-	83,510	108,589	27,530	2,451
Concessions	-	45,363	24,437	(19,656)	1,270
Dance/Drill Team	7,080	15,816	16,594	-	6,302
Skills USA	-	8,641	2,120	-	6,521
Senior class	2,121	1,729	1,805	-	2,045
Swing Choir	49	-	-	-	49
H.S. Band	340	-	-	-	340
FBLA	-	4,622	2,116	-	2,506
Elementary Vocal	447	277	274	-	450
K-6 Student Council	193	-	-	-	193
5th Grade Concessions	1,143	-	-	-	1,143
Prom	8,006	5,491	5,500	-	7,997
Interest	943	163	-	-	1,106
Total	<u>\$ 54,955</u>	<u>224,337</u>	<u>222,235</u>	<u>-</u>	<u>57,057</u>

See accompanying independent auditor's report.

South Hamilton Community School District  
Jewell, Iowa

Schedule 2

Combining Balance Sheet  
Capital Projects Fund Accounts

June 30, 2025

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,308,253	671,280	1,979,533
Receivables:			
Property tax:			
Delinquent	-	2,940	2,940
Succeeding year	-	537,881	537,881
Accounts	-	5,636	5,636
Due from other governments	84,403	-	84,403
	84,403	-	84,403
<b>Total assets</b>	<b>\$ 1,392,656</b>	<b>1,217,737</b>	<b>2,610,393</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 2,535	24,694	27,229
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	537,881	537,881
	-	537,881	537,881
Fund balances:			
Restricted for:			
School infrastructure	1,390,121	-	1,390,121
Physical plant and equipment	-	655,162	655,162
Total fund balances	1,390,121	655,162	2,045,283
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>1,392,656</b>	<b>1,217,737</b>	<b>2,610,393</b>

See accompanying independent auditor's report.

South Hamilton Community School District  
Jewell, Iowa

Schedule 3

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Capital Projects Fund Accounts

Year ended June 30, 2025

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Revenues:</b>			
Local sources:			
Local tax	\$ -	516,061	516,061
Other	43,813	40,386	84,199
State sources	804,858	6,239	811,097
Total revenues	848,671	562,686	1,411,357
<b>Expenditures:</b>			
Instruction:			
Regular	80,975	479	81,454
Other	-	1,512	1,512
Support services:			
Instructional staff	6,850	11,073	17,923
Administration	-	54,307	54,307
Operation and maintenance of plant	44,234	53,837	98,071
Transportation	-	9,852	9,852
Other expenditures:			
Facilities acquisition	591,674	641,373	1,233,047
Total expenditures	723,733	772,433	1,496,166
Excess (deficiency) of revenues over (under) expenditures	124,938	(209,747)	(84,809)
<b>Other financing sources (uses):</b>			
Proceeds from insurance claim	-	20,912	20,912
Transfers out	-	(218,550)	(218,550)
Total other financing sources (uses)	-	(197,638)	(197,638)
Change in fund balances	124,938	(407,385)	(282,447)
Fund balances beginning of year	1,265,183	1,062,547	2,327,730
Fund balances end of year	\$ 1,390,121	655,162	2,045,283

See accompanying independent auditor's report.

South Hamilton Community School District  
Jewell, Iowa

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

For the Last Ten Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues:				
Local sources:				
Local tax	\$ 5,594,244	5,195,538	5,222,142	4,897,185
Tuition	1,147,523	1,190,864	1,134,379	1,133,739
Other	680,611	739,285	647,575	349,889
State sources	4,949,109	4,967,740	4,799,256	4,556,335
Federal sources	222,089	162,550	404,981	641,664
Total	<u>\$ 12,593,576</u>	<u>12,255,977</u>	<u>12,208,333</u>	<u>11,578,812</u>
Expenditures:				
Instruction:				
Regular	\$ 4,284,431	4,218,506	4,253,345	4,072,978
Special	1,195,601	1,104,219	1,059,750	1,032,061
Other	1,472,961	1,586,802	1,337,493	1,228,789
Support services:				
Student	60,999	47,495	55,639	51,504
Instructional staff	452,421	493,588	459,479	454,490
Administration	974,298	903,988	838,661	821,946
Operation and maintenance of plant	1,283,228	1,333,327	1,144,255	1,027,692
Transportation	557,083	463,872	522,788	518,044
Other expenditures:				
Facilities acquisition	1,233,047	1,196,605	477,136	93,645
Long-term debt:				
Principal	1,115,946	1,002,525	988,610	1,043,183
Interest and other charges	139,541	198,143	208,133	227,699
AEA flowthrough	255,827	302,019	299,317	294,981
Total	<u>\$ 13,025,383</u>	<u>12,851,089</u>	<u>11,644,606</u>	<u>10,867,012</u>

See accompanying independent auditor's report.

## Schedule 4

Modified Accrual Basis					
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
4,722,282	4,443,877	4,734,222	4,906,996	4,419,642	3,712,315
1,111,312	1,170,959	1,284,078	1,206,900	1,235,688	1,138,857
332,258	387,978	458,618	444,313	397,551	352,227
4,784,786	4,595,247	4,472,948	4,397,114	4,528,094	4,273,022
256,162	144,867	145,933	154,998	159,329	154,160
<u>11,206,800</u>	<u>10,742,928</u>	<u>11,095,799</u>	<u>11,110,321</u>	<u>10,740,304</u>	<u>9,630,581</u>
3,986,185	4,024,680	4,096,939	4,073,329	4,259,580	4,061,496
912,924	1,041,621	967,691	933,772	891,252	909,983
1,274,222	1,232,203	1,305,370	1,261,805	1,262,195	1,244,144
49,753	130,876	164,131	168,471	158,808	156,507
511,251	459,066	480,891	394,319	403,085	346,838
829,142	871,988	838,134	784,503	761,812	773,137
849,495	926,621	883,715	748,895	733,941	642,956
365,883	681,675	593,804	421,499	375,245	491,208
164,746	350,250	1,208,027	2,478,939	7,094,743	2,389,443
942,869	810,000	685,000	575,000	335,000	260,000
242,253	241,500	254,313	262,513	245,782	179,451
296,131	283,111	280,900	280,515	275,487	276,307
<u>10,424,854</u>	<u>11,053,591</u>	<u>11,758,915</u>	<u>12,383,560</u>	<u>16,796,930</u>	<u>11,731,470</u>

# Cornwell, Frideres, Maher & Associates, P.L.C.

## Certified Public Accountants

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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

To the Board of Education of  
South Hamilton Community School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of South Hamilton Community School District as of and for the year ended June 30, 2025, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 30, 2026. Our report expressed unmodified opinions on the financial statements except for a disclaimer of opinion on the component unit, South Hamilton School District Foundation, which was not audited.

### Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in Part I of the accompanying Schedule of Findings as items 2025-001 through 2025-002 that we consider to be material weaknesses.

#### Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2025, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

#### South Hamilton Community School District's Responses to Findings

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

#### Purpose of this Report

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

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

*Cornwell, Frideres, Maher & Associates, P.L.C.*

Cornwell, Frideres, Maher & Associates, P.L.C.  
Certified Public Accountants

March 30, 2026

South Hamilton Community School District  
Jewell, Iowa

Schedule of Findings

Year ended June 30, 2025

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

**INTERNAL CONTROL DEFICIENCIES:**

2025-001 Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control.

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

Condition – Various duties such as recording and processing cash receipts, preparing checks and bank reconciliations, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information is prepared by the same person.

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

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

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials, to provide additional controls through review of financial transactions, reconciliations and reports. These independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

South Hamilton Community School District  
Jewell, Iowa

Schedule of Findings

Year ended June 30, 2025

Response – We will continue to perform compensating controls among existing personnel to help make up for the absence of true segregation of duties. We will also continue to look for ways to implement new procedures to achieve additional segregation of duties based upon the skills and abilities of existing personnel.

Conclusion – Response accepted. The District should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

2025-002 Preparation of Financial Statements

Criteria – The District should have a system of internal control that allows for the preparation of financial statements and disclosures that are fairly presented in conformity with generally accepted accounting principles.

Condition – As is inherent in many governmental entities of this size, the District has management and employees who, while knowledgeable and skillful, do not have the time to maintain the current knowledge and expertise needed to fully apply generally accepted accounting principles in preparing the financial statements and the related disclosures.

Cause – Management has concluded that relying on the assistance of the auditor to draft the financial statements is more cost-effective than hiring additional staff or having existing staff obtain training necessary to do this.

Effect – The potential effect of this control weakness is that errors could occur in the financial statements and not be detected by management.

Recommendation – We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, can be considered costly and ineffective. However, it is the responsibility of District Management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

South Hamilton Community School District  
Jewell, Iowa

Schedule of Findings

Year ended June 30, 2025

Response – Management feels that committing the resources to remain current on reporting requirements and corresponding footnote disclosures would lack benefit in relation to the cost, but will continue to evaluate the risks to be accepted in preparation of the financial statements.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

South Hamilton Community School District  
Jewell, Iowa

Schedule of Findings

Year ended June 30, 2025

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

2025-A Certified Budget – Expenditures for the year ended June 30, 2025, did not exceed the certified budget.

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

2025-C Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Angela Wirth, Board Member Husband owns Wirth Concrete Const. Inc.	Concrete	\$ 8,480
Ken Rullestad, Bus Driver Owns Ken’s Service	Vehicle repairs	862

In accordance with an Attorney General’s opinion dated November 9, 1976, the transactions with the Board Member’s husband do not appear to represent conflicts of interest.

In accordance with an Attorney General’s opinion dated July 2, 1990, the transactions with the bus driver/mechanic do not appear to represent a conflict of interest.

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

South Hamilton Community School District  
Jewell, Iowa

Schedule of Findings

Year ended June 30, 2025

- 2025-F Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- 2025-G Board Minutes – No transactions requiring Board approval that had not been approved by the Board were noted.
- 2025-H Certified Enrollment - The number of students reported to the Iowa Department of Education for Certified Enrollment for October 2024 was understated by 2.0. The District did not included two students that should have been counted.
- Recommendation – The District should contact the Iowa Department of Education and Department of Management to resolve this matter.
- Response – We will contact the Iowa Department of Education and the Department of Management.
- Conclusion – Response accepted.
- 2025-I Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- 2025-J Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- 2025-K Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- 2025-L Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- 2025-M Statewide Sales, Services and Use Tax – No instances of noncompliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

South Hamilton Community School District  
Jewell, Iowa

Schedule of Findings

Year ended June 30, 2025

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2025, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 1,265,183
Revenues/transfers in:		
Sales tax revenues	\$ 804,858	
Other local revenues	<u>43,813</u>	<u>848,671</u>
		2,113,854
Expenditures/transfers out:		
School infrastructure construction	261,584	
Equipment	459,399	
Other	<u>2,750</u>	<u>723,733</u>
Ending balance		<u>\$ 1,390,121</u>

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

2025-N Natural Gas Risk Pool – The District joined a natural gas risk pool and made a premium payment from the Management Fund for the year ended June 30, 2025. The Iowa Department of Education has said this is an unallowable expense of the Management Fund. However, the Iowa Office of Auditor of State has said this is an appropriate use of the Management Fund.

Recommendation – The District should contact its attorney to determine the legality of this issue. The District should also reserve the General Fund dollars saved by the program until such time this matter is officially resolved, either administratively or in the courts.

Response – We will contact our attorney and reserve General Fund dollars.

Conclusion – Response accepted.

**APPENDIX E – FORM OF ISSUE PRICE CERTIFICATES**

**EXHIBIT A**  
**SOUTH HAMILTON COMMUNITY SCHOOL DISTRICT**  
**\$ \_\_\_\_\_ SCHOOL INFRASTRUCTURE SALES, SERVICES AND USE TAX**  
**REVENUE BONDS, SERIES 2026**  
**ISSUE PRICE CERTIFICATE**

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

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.
2. Initial Offering Price of the Hold-the-Offering-Price Maturities.
  - a. Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
  - b. As set forth in the Terms of Offering, 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 (May 4, 2026), or (ii) the date on which Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
  - d. Issuer means South Hamilton Community School District.
  - e. Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
  - f. Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
  - g. Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April 27, 2026.
  - h. Underwriter means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser 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: [ISSUE DATE]

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

SCHEDULE B  
PRICING WIRE OR EQUIVALENT COMMUNICATION

**EXHIBIT A**  
**SOUTH HAMILTON COMMUNITY SCHOOL DISTRICT**  
**\$ \_\_\_\_\_ SCHOOL INFRASTRUCTURE SALES, SERVICES AND USE TAX**  
**REVENUE BONDS, SERIES 2026**  
**ISSUE PRICE CERTIFICATE**

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

1. Reasonably Expected Initial Offering Price.
  - a. As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Purchaser to purchase the Bonds.
  - b. Purchaser was not given the opportunity to review other bids prior to submitting its bid.
  - c. The bid submitted by Purchaser constituted a firm offer to purchase the Bonds.
2. Defined Terms.
  - a. Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
  - b. Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
  - c. Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April 27, 2026.
  - d. Underwriter means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents 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: [ISSUE DATE]

SCHEDULE A  
EXPECTED OFFERING PRICES  
(Attached)

SCHEDULE B  
COPY OF UNDERWRITER'S BID  
(Attached)