$9,995,000*
Highland Community School District, Iowa
General Obligation School Bonds
Series 2026

(FAST Closing)
(The Issuer will designate the Bonds as Bank-Qualified as discussed more thoroughly herein)
(Book Entry Only)
(PARITY© Bidding Available)

DATE: Monday, August 24, 2026
TIME: 10:00 AM

Moody's Rating: "Aa3"

* Preliminary, subject to change

PIPER | SANDLER

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

OFFICIAL BID FORM

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

Re: $9,995,000* General Obligation School Bonds, Series 2026, dated the date of delivery, of the Issuer (the "Bonds")

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

Coupon	Yield	Due	Coupon	Yield	Due
________	________	June 1, 2027	________	________	June 1, 2037
________	________	June 1, 2028	________	________	June 1, 2038
________	________	June 1, 2029	________	________	June 1, 2039
________	________	June 1, 2030	________	________	June 1, 2040
________	________	June 1, 2031	________	________	June 1, 2041
________	________	June 1, 2032	________	________	June 1, 2042
________	________	June 1, 2033	________	________	June 1, 2043
________	________	June 1, 2034	________	________	June 1, 2044
________	________	June 1, 2035	________	________	June 1, 2045
________	________	June 1, 2036			June 1, 2046

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

Principal Amount	Month and Year (Inclusive)	Maturity Month and Year
$____________	____________ to ____________	____________
$____________	____________ to ____________	____________
$____________	____________ to ____________	____________
$____________	____________ to ____________	____________
$____________	____________ to ____________	____________
$____________	____________ to ____________	____________

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

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

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

______ We will elect to utilize bond insurance from company ___________ at a premium of $__________

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

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

TRUE INTEREST RATE ________________________%
(Computed from the dated date)

____________________________ ____________________________
Account Manager Signature of Account Manager

The foregoing offer is hereby accepted by and on behalf of the Board of Directors of the Highland Community School District, in the Counties of Johnson, Louisa and Washington, State of Iowa, this 24th day of August, 2026.

ATTEST: ____________________________ ____________________________
District Secretary Board President

* Preliminary, subject to change

OFFICIAL TERMS OF OFFERING

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

The Bonds to be offered are the following:

GENERAL OBLIGATION SCHOOL BONDS, **SERIES 2026** in the principal amount of $9,995,000* dated the date of delivery in the denomination of $5,000 or multiples thereof and maturing as shown on the front page of the official statement.

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

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

Optional Redemption: The Bonds maturing after June 1, 2035, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Interest: Interest on said Bonds will be payable on June 1, 2027 and semiannually on the 1st day of June and December thereafter. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

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

Good Faith Deposit: A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a wire in the amount of $99,950* for the Bonds, payable to the order of the Issuer, is required for each bid to be considered. If a check is used, it must accompany each bid. If a wire is to be used, it must be received by the Issuer not later than two hours after the time stated for receipt of bids. The Municipal Advisor or the Issuer will provide the apparent winning bidder (the "Purchaser") with wiring instructions, by facsimile and email, within 10 minutes of the stated time when bids are due. If the wire is not received at the time indicated above, the Issuer will abandon its plan to award to the Purchaser, and will contact the next highest bidder received and offer said bidder the opportunity to become the Purchaser, on the terms as outlined in said bidder's bid, so long as said bidder submits a good faith wire within two hours of the time offered. The Issuer will not award the Bonds to the Purchaser absent receipt of the Deposit prior to action awarding the Bonds. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its bid, the Deposit will be retained by the Issuer.

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* Preliminary, subject to change

Form of Bids: All bids shall be unconditional for the entire issue of Bonds for a price of not less than 99.5% of par, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth herein. Gross bond proceeds before underwriting fee and bond insurance, if any, cannot exceed 102% of par. Bids must be submitted on or in substantial compliance with the Official Bid Form provided by the Issuer or through the Internet Bid System. Award will be on a True Interest Cost Basis. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bid, facsimile facilities or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

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

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

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: Electronic Facsimile Bids will not be accepted

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

All Bonds of each annual maturity must bear the same interest rate.

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

Interest rates bid for maturities 2037 to 2046 may not be lower than the interest rate bid in the immediately preceding maturity (level or ascending only, 2036-2046).

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

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

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

(1) the Issuer shall disseminate this Official 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.

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

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

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

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

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

For more information see the Continuing Disclosure section herein.

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

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

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

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 12, 2026

NEW ISSUE - DTC BOOK ENTRY ONLY Moody's Rating: "Aa3"

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

$9,995,000* Highland Community School District, Iowa
General Obligation School Bonds Series 2026

Dated: Date of Delivery

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

Interest on the Bonds is payable on June 1, and December 1 in each year, beginning June 1, 2027 to the registered owners thereof. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

The Bonds maturing after June 1, 2035 may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

MATURITY SCHEDULE

Bonds Due	Amount*	Rate *	Yield *	Cusip #'s **	Bonds Due	Amount*	Rate *	Yield *	Cusip #'s **
June 1, 2027	$690,000				June 1, 2037	$485,000			
June 1, 2028	315,000				June 1, 2038	505,000			
June 1, 2029	330,000				June 1, 2039	525,000			
June 1, 2030	350,000				June 1, 2040	545,000			
June 1, 2031	365,000				June 1, 2041	565,000			
June 1, 2032	385,000				June 1, 2042	590,000			
June 1, 2033	400,000				June 1, 2043	615,000			
June 1, 2034	420,000				June 1, 2044	640,000			
June 1, 2035	445,000				June 1, 2045	665,000			
June 1, 2036	465,000				June 1, 2046	695,000			

$_______________ _____% Term bond due Priced to yield CUSIP # _________

The Bonds are being offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of an opinion as to legality, validity and tax exemption by Ahlers & Cooney, P.C.,Des Moines, Iowa, Bond Counsel. Ahlers & Cooney, P.C. is also serving as Disclosure Counsel to the District in connection with the issuance of the Bonds. Piper Sandler & Co. is serving as Municipal Advisor to the Issuer in connection with the issuance of the Bonds. Certain legal matters will be passed upon for the Municipal Advisor by Dorsey & Whitney LLP. It is expected that the Bonds in the definitive form will be available for delivery through the facilities of DTC on or about September 24, 2026. The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.

The Date of this Official Statement is ______, 2026

* *Preliminary, subject to change*

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

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

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

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.

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

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

FORWARD-LOOKING STATEMENTS

This Official Statement, including Appendix A, contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as "plan," "expect," "estimate," "budget" or similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS TO DIFFER. 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 OR REVISE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

OFFICIAL STATEMENT
HIGHLAND COMMUNITY SCHOOL DISTRICT, IOWA
$9,995,000* GENERAL OBLIGATION SCHOOL BONDS, SERIES 2026

INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the Highland Community School District, Iowa (the "District" or the "Issuer"), in connection with the sale of the Issuer's General Obligation School Bonds, Series 2026 (the "Bonds"). The Bonds are being issued to provide funds for i) to construct, build, furnish, and equip renovations and additions to the middle/high school building, including locker room and athletic support spaces, multipurpose area/gymnasium, commons, and site improvements; and to construct, build, furnish, and equip renovations and additions to the elementary school, including classrooms, a secure entry and administrative spaces, and site improvements, and ii) to pay costs of issuance for the Bonds (the "Project"). See "**SOURCES AND USES OF FUNDS**" herein.

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

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

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

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

THE BONDS

General

The Bonds are dated as of the date of delivery and will bear interest at the rates to be set forth on the cover page herein, interest payable on June 1 and December 1 in each year, beginning on June 1, 2027, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

Authorization for the Issuance

The Bonds are being issued pursuant to Chapter 296 of the Code of Iowa, 2025, as amended (the "Iowa Code"), approval of the Issuer's voters for issuance of not to exceed $15,000,000 General Obligation School Bonds to fund the Project at an election held on November 5, 2024, and a resolution of the Board of Directors expected to be adopted by the Issuer on September 14, 2026 (the "Bond Resolution" or the "Resolution").

Book Entry Only System

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

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

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* Preliminary, subject to change

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

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

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

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

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

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

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

Transfer and Exchange

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

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

Prepayment

Optional Prepayment: The Bonds maturing after June 1, 2035, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

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

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

____ Term Bond

Mandatory Sinking Fund Date	Principal Amount
	$
(maturity)	

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

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

Source of Security for the Bonds

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

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

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

BONDHOLDERS' RISKS

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment. This information is based on current information available to the Issuer that may be incomplete and unknown. This information was derived using certain assumptions and methodologies, and includes unaudited financial information and projections. Some of this information is forward-looking and subject to change.

Tax Levy Procedures

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

Changes in Property Taxation

The Bonds are general obligations of the Issuer secured by an unlimited ad valorem property tax as described in the "Source of Security for the Bonds" herein.

From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Such alterations could affect the Issuer's financial condition and/or the property tax revenues available to pay the Bonds. Historically, the Iowa General Assembly has applied changes in property taxation structure on a prospective basis; however, there is no assurance that future changes in property taxation structure by the Iowa General Assembly will not be retroactive. It is impossible to predict the outcome of future property tax changes by the Iowa General Assembly or their potential impact on the Issuer's financial position.

On May 18, 2026, the Governor signed into law Iowa Senate File 2472 (the "Act"), which enacts comprehensive reforms to Iowa's property tax system. The Act, among other things: (i) reduces the school district foundation property tax levy from $5.40 to $5.10 per $1,000 of assessed value beginning in fiscal year 2028 and to $4.90 per $1,000 beginning in fiscal year 2029; (ii) generally caps a school district's prior-year unspent balance used to calculate its authorized budget at 35% of the preceding year's authorized expenditures; (iii) increases the amount of sales and use tax revenues funds being diverted from the Secure an Advanced Vision for Education (SAVE) fund to the Property Tax Equity Relief Fund and extends the sales and use tax until January 1, 2071 (iv) restructures the homestead credit program, replacing the existing credit with a new exemption of 10% of taxable value per eligible homestead (minimum $5,500, maximum $20,000, indexed for inflation). The Act takes effect in part immediately upon enactment, with the majority of provisions applicable to fiscal years beginning on or after July 1, 2027.

As noted in "**THE BONDS - Source of Security of the Bonds**," under Iowa Code section 76.2 the Issuer has by resolution provided for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years.

Matters Relating to Enforceability of Agreements

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

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

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

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

Secondary Market

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

Pension

The Issuer contributes to the Iowa Public Employees' Retirement System ("IPERS"), which is a state-wide multiple-employer cost-sharing defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. All full-time employees of the Issuer are required to participate in IPERS. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make monthly 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 (market value), while its net pension liability at June 30, 2024, was approximately $3.641 billion (market value). The IPERS ACFR is available on the IPERS website, or by contacting IPERS at 7401 Register Drive, Des Moines, IA 50321. See "**APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER**" for additional information on IPERS.

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

In fiscal year ended June 30, 2025, the Issuer's IPERS contribution totaled approximately $433,189. 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, 2024, at approximately $1,677,431. 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.

Rating

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

Forward-Looking Statements

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

Legislative Change Related to School Choice

In 2023 the State of Iowa adopted Legislation ("HF68") that established a standing, unlimited State 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. All students attending a nonpublic school are eligible to participate.

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 13 students who resided within the boundaries of the Issuer but attended non-public schools for the 2022-23 school year, 13 students for the 2023-24 school year and 19 students for the 2024-2025 school year and 23 students for the 2025-2026 school year. It is unknown how many additional students, if any, will attend non-public schools in future years. If a significant number of eligible students in the Issuer transition to non-public schools, it could have an adverse impact on the Issuer's finances given the reduction in per student funding the Issuer would otherwise receive. See "**THE BONDS – Source of Security for the Bonds"** herein.

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.

DTC-Beneficial Owners

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

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

Risks as Employer

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

Cybersecurity

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

The Issuer maintains cyber-insurance policies. The Issuer cannot predict whether these policies would be sufficient in the event of a cyber-incident.

Debt Payment History

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

Redemption Prior to Maturity/Loss of Premium from Redemption

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

Clean up Costs and Liens under Environmental Statutes

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

Environmental and Climate-Related

Due to recent increases in the frequence 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.

General Liability Claims

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

Project Completion; Risks of Construction

A delay in completion of the Project may arise from any number of other causes, including but not limited to, adverse weather conditions, unavailability of subcontractors, supply chain issues, and negligence on the part of subcontractors, labor disputes, or unanticipated increased 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 combined with proceeds from the remaining voter-approved authority for General Obligation School Bonds to be issued in 2027 and 2028 will be sufficient to complete the Project; however, the cost of construction of the Project may be affected by factors beyond the control of the Issuer, including strikes, material shortages, adverse weather conditions, trade tariffs, subcontractor defaults, delays, and unknown conditions.

Damage or Destruction to District’s Facilities

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

Financial Condition of the Issuer from time to time

No representation is made as to the future financial condition of the Issuer. Certain risks discussed herein could adversely affect the financial condition and/or operations of the Issuer in the future. For fiscal year ending June 30, 2025, the auditor noted a material weakness in internal control regarding segregation of duties, which is described in more detail in the audited financial statements attached as Appendix D. However, the Bonds are secured by an unlimited ad valorem property tax as described more fully in the “**THE BONDS – Source of Security for the Bonds**” herein.

Continuing Disclosure

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

Suitability of Investment

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

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.

Bankruptcy and Insolvency

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

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

Tax Matters, Bank Qualification, and Loss of Tax Exemption

As discussed under the heading "**TAX EXEMPTION 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 afford 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 affect the designation, which could cause the Bonds not to be "qualified tax-exempt obligations" and banks and certain other financial institutions would not receive more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

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

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

Factors Beyond Issuer's Control

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

Summary

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

LITIGATION

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

The November 5, 2024 election on the Bonds was subject of an election contest and subsequent appeals. On May 1, 2026, the Iowa Supreme Court affirmed the rejection of the election contest. See In re Election Contest of Highland School Bond Referendum. 34 N.W.3d 901 (Iowa 2026)

ACCOUNTANT

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

UNDERWRITING

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

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

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

THE PROJECT

The Bonds are being issued to provide funds for i) to construct, build, furnish, and equip renovations and additions to the middle/high school building, including locker room and athletic support spaces, multipurpose area/gymnasium, commons, and site improvements; and to construct, build, furnish, and equip renovations and additions to the elementary school, including classrooms, a secure entry and administrative spaces, and site improvements, and ii) to pay costs of issuance for the Bonds.

SOURCES AND USES OF FUNDS *

Sources of Funds		
	Bond Principal	$
	Reoffering Premium	
Total Sources of Funds		$
Uses of Funds		
	Deposit to Project fund	$
	Costs of Issuance	
	Underwriter’s Discount	
Total Uses of Funds		$

* Preliminary, subject to change

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"). The Issuer has further covenanted to comply with certain other requirements, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code. 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 of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year.

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

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 LEGAL 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 Dorsey & Whitney, LLP, 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**", 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 relied upon governmental officials, and other sources who have access to relevant data to provide accurate information and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy, completion or fairness of the Official Statement. 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

To meet the requirements of United States Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) (the "Rule"), as applicable to the Underwriter, the Issuer will covenant for the benefit of the holders of the Bonds to provide certain financial information and operating data relating to the Issuer, and to provide notices of the occurrence of certain enumerated events, if deemed by the Issuer to be material (the "Undertaking"). The specific nature of the information that the Issuer may provide pursuant to the Undertaking is provided in "**APPENDIX C - Form of Continuing Disclosure Certificate**." Attached hereto.

Breach of the Undertaking will not constitute a default or an "Event of Default" under the Bonds or Resolution, respectively. A broker or dealer is to consider a known breach of the Undertaking, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the Issuer to observe the Undertaking 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: In the previous five (5) year period, the Issuer believes it has complied with its prior Undertakings in all material respects, except as described herein. The Issuer failed to timely file notice of its partial call of General Obligation School Bonds, Series 2020. The Issuer filed the notice and a failure to file notice on May 10, 2023.

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.

HIGHLAND COMMUNITY SCHOOL DISTRICT, IOWA

/s/Autumn Moyer
Business Manager

APPENDIX A – GENERAL INFORMATION ABOUT THE ISSUER

HIGHLAND COMMUNITY SCHOOL DISTRICT, IOWA
DISTRICT OFFICIALS

PRESIDENT	Nate Robinson
BOARD MEMBERS	Dan Ruth, Vice President Cody Thompson Jarrod Longbine Aaron Friederich Joslin Schott Karen Fink
SUPERINTENDENT	Spencer Lueders
DISTRICT SECRETARY	Autumn Moyer
DISTRICT TREASURER	Autumn Moyer
DISTRICT ATTORNEY	Ahlers & Cooney, P.C.

CONSULTANTS

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

General Information

The Highland Community School District (130 square miles) is located in east central Iowa in Washington, Johnson and Louisa Counties. The District includes land in the communities of Riverside and Ainsworth, approximately 20 minutes south of Iowa City. The District located on U.S. Highway 218, which provides 4-lane highway access to most of the District, and connects with U.S. Interstate 80 near Coralville.

District Facilities (1)

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

Building*	Construction Date	Grades Served
High School	1964	9-12
Middle School	2000	6-8
Elementary	1994	PK-5

* The District also owns and operates a wastewater treatment and conveyance system, which is located on District property and only serves the District.

Enrollment (3)

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

Count Date	Fiscal Year effective	Certified (Resident) (4)	Open Enroll In	Open Enroll Out	Total Served (5)
October-25	2026-27	563.7	59.1	138.7	484.1
October-24	2025-26	553.8	58.0	133.8	478.0
October-23	2024-25	589.2	53.1	124.2	518.2
October-22	2023-24	583.0	65.1	130.9	517.2
October-21	2022-23	588.1	60.0	127.1	521.0

Staff (1)

Presented below is a list of the Issuer's 108 employees.

Administrators:	5	Media Specialists:	2
Teachers:	50	Nurses:	1
Teacher Aids:	20	Guidance:	2
Custodians:	3	Secretaries:	3
Food Service:	4	Transportation:	5
Other:	12	Maintenance:	1

Population (2)

Presented below are population figures for the periods indicated for the cities of Ainsworth and Riverside

Year	Ainsworth	Riverside
2020	511	1,060
2010	567	993
2000	524	928
1990	506	824
1980	547	826
1970	455	758

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

Other Post-Employment Benefits (OPEB) (1)

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	82
Total	91

Total OPEB Liability – The Issuer's total OPEB liability of $742,719 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)	2.50%
Rates of salary increase (effective 6/30/25) including inflation	3.25%
Discount rate (effective 6/30/25) including inflation	5.20%
Healthcare cost trend rate (effective 6/30/25)	7.60% for FY24 gradually decreasing to an ultimate rate of 3.9% in FY2076 and later

Discount Rate – The discount rate used to measure the total OPEB liability was 5.2%, 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 Pub-2010 general mortality tables with projected mortality improvements based on scale MP-2021 and other adjustments. 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		$822,809
Changes for the year		
	Service Cost	49,171
	Interest	32,663
	Difference between expected & actual experiences	-
	Change in assumption	(63,452)
	Benefit Payments	(98,472)
Net Changes		(80,090)
Net OPEB obligation – end of year		$742,719

Changes of assumptions reflect a change in the discount rate from 3.97% in fiscal year 2024 to 5.20% in 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. 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.

	Issuer Contribution		Issuer Employees' Contribution	
Fiscal Year	Amount Contributed	% of Covered Payroll	Amount Contributed	% of Covered Payroll
2021	399,244	9.44	266,021	6.29
2022	405,970	9.44	270,504	6.29
2023	395,379	9.44	263,456	6.29
2024	401,252	9.44	267,361	6.29
2025	433,189	9.44	288,640	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 %
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 Accrued Liability (Market Value) [c]-[b]	Funded Ratio (Market Value) % [b]/[c]	Covered Payroll [d]	UAAL as a Percentage of Covered Payroll (Actuarial Value) [[c-a]/[d]]
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 $1,677,431 for its proportional share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7%. The Issuer's proportion of the net pension liability was based on the Issuer's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. See "**APPENDIX D–AUDITED FINANCIAL STATEMENTS OF THE ISSUER–NOTES TO THE FINANCIAL STATEMENTS**" for additional information related to the Issuer's deferred outflows and inflows of resources related to pensions, actuarial assumptions, discount rate and discount rate sensitivity.

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

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

Investment of Public Funds (2)

The Issuer invests its funds pursuant to Chapter 12B of the Code. Presented below is the Issuer's investing activities as of June 30, 2026:

Type of Investment	Amount Invested
Local Bank Money Market	0
Local Bank Deposit Accounts	$542,841.86
Local Bank Time CD's	24,035.60
ISJIT Money Market	7,036,669.40
ISJIT Time CD's	0

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

(2) Source: the Issuer

Major Employers (1)

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

Employer	Business	Approximate Employees
Riverside Casino & Golf Resort	Casinos	500-999
Highland CSD	Education	100-149
Iowa PGA	Golf organization	50-99
Blue Top Ridge Golf Course	Golf course	20-49
Four Corners Café & Fresh Market	Convenience store	20-49
Cat Scale	Truck scale	20-49
Spa at Riverside Casino-Golf	Day spa	10-19
Absolute Outdoor Svc	Landscape contractor	10-19
Mccreedy-Ruth Construction	General contractor	10-19
Stransky Concrete	Concrete contractor	10-19
Taylor Roofing-Forever Dry	Roofing contractor	10-19
Casey's General Store	Convenience store	10-19
160 Truck & Equipment	New truck dealer	10-19
Farmers Cooperative Assn	Grain elevator	10-19
Leet's Refrigeration	Refrigeration equipment	10-19
Harris Boyz Heating & Air Conditioning	Air conditioning contractor	5-9
Mcfarland Heating & Air Conditioning	Air conditioning contractor	5-9
Stumpf Construction Svc	Construction company	5-9
Sweeting Built Construction	Construction company	5-9
T K Enterprises	Painting contractor	5-9
Wilkinson Precast	Septic tanks	5-9

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	Residential	Ag. Land & Bldgs	Commercial	Multi-residential	Railroad	Chap 437 Utilities	Chap 428/438 Utilities	Industrial
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, 2022 are used to calculate tax liability for the tax year starting July 1, 2023 through June 30, 2024. Presented below are the historic property valuations of the Issuer by class of property.

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(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
Fiscal Year	2026-2027	2025-2026	2024-2025	2023-2024	2022-2023
Residential:	447,161,658	402,101,300	395,781,051	312,345,029	302,281,997
Agricultural Land:	123,362,900	105,399,600	105,428,600	75,752,900	75,883,400
Ag Buildings:	12,098,400	11,671,500	11,389,100	6,818,000	5,975,700
Commercial:	100,643,605	96,918,894	96,443,478	90,063,073	89,871,473
Industrial:	4,577,400	3,453,800	3,453,800	3,132,500	3,130,500
Multi-Residential	0	0	0	0	2,660,927
Reserved	0	0	0	0	0
Railroads:	2,005,247	2,027,415	2,056,947	1,794,184	1,770,729
Utilities:	8,658,736	8,285,451	7,817,052	7,617,180	8,612,236
Other:	0	0	0	0	0
Total Valuation:	698,507,946	629,857,960	622,370,028	497,522,866	490,186,962
Less Military:	616,000	632,000	648,000	303,728	311,136
Less Homestead:	1,982,500	1,930,500	906,750	0	0
Net Valuation:	695,909,446	627,295,460	620,815,278	497,219,138	489,875,826
TIF Valuation:	3,673,900	3,366,600	1,248,400	0	0
Utility Replacement:	59,117,762	60,128,809	57,418,936	54,874,563	54,082,924

Taxable Valuation

Valuation as of January	2025	2024	2023	2022	2021
Fiscal Year	2026-2027	2025-2026	2024-2025	2023-2024	2022-2023
Residential:	199,031,203	190,605,950	183,301,598	170,696,889	163,625,871
Agricultural Land:	73,327,006	77,845,517	75,736,475	69,422,255	67,567,469
Ag Buildings:	7,191,295	8,620,278	8,181,598	6,248,230	5,320,826
Commercial:	85,821,848	83,047,816	82,608,191	77,911,093	80,884,328
Industrial:	3,778,678	2,723,433	2,713,585	2,506,474	2,817,450
Multi-Residential	0	0	0	0	1,696,348
Reserved	0	0	0	0	0
Railroads:	1,787,659	1,808,698	1,834,868	1,601,498	1,593,656
Utilities:	8,658,736	8,285,451	7,817,052	7,617,180	8,612,236
Other:	0	0	0	0	0
Total Valuation:	379,596,425	372,937,143	362,193,367	336,003,619	332,118,184
Less Military:	616,000	632,000	648,000	303,728	311,136
Less Homestead:	1,982,500	1,930,500	906,750	0	0
Net Valuation:	376,997,925	370,374,643	360,638,617	335,699,891	331,807,048
TIF Valuation:	1,741,717	1,709,781	689,199	0	0
Utility Replacement:	9,691,809	9,473,191	9,584,551	10,453,655	10,492,899

Valuation Year	Fiscal Year	Actual Valuation w/ Utilities	% Change in Actual Valuation	Taxable Valuation DS / PPEL	% Change in Taxable Valuation
2025	2027	758,701,108	9.83%	388,431,451	1.80%
2024	2026	690,790,869	1.66%	381,557,615	2.87%
2023	2025	679,482,614	23.07%	370,912,367	7.15%
2022	2024	552,093,701	1.50%	346,153,546	1.13%
2021	2023	543,958,750	5.73%	342,299,947	2.70%

(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:

Fiscal Year	Operating	Management	B PPEL	V PPEL	Playground	Debt	Total Levy
2026	8.31312	0.55285	0.33000	1.00000	0.00000	2.70000	12.89597
2025	8.07283	1.41806	0.33000	1.00000	0.00000	2.13366	12.95455
2024	8.23269	0.74245	0.33000	1.00000	0.00000	2.69794	13.00308
2023	8.59643	0.40900	0.33000	1.00000	0.00000	2.68741	13.02284
2022	8.58498	0.40504	0.33000	1.00000	0.00000	2.69335	13.01337

Historic Tax Rates (1)

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

Fiscal Year	City	School	College	State	Assessor	Ag Extens	Hospital	County	Total Levy Rate
2026	8.10000	12.89597	1.43000	0.00000	0.40158	0.19026	1.00000	9.35299	33.37080
2025	7.94118	12.95455	1.39550	0.00180	0.42025	0.19119	1.00000	9.42283	33.32730
2024	8.10000	13.00308	1.39550	0.00180	0.37335	0.20163	1.00000	8.87143	32.94679
2023	8.10000	13.02284	1.34462	0.00240	0.37343	0.19788	1.00000	8.47260	32.51377
2022	8.10000	13.01337	1.31195	0.00260	0.34710	0.20053	1.00000	7.93120	31.90675

Tax Collection History (2) (3)

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

Fiscal Year	Amount Levied	Amount Collected	Percentage Collected
2026	4,906,170	4,957,726	101.05%
2025	4,798,945	4,807,332	100.17%
2024	4,501,063	4,504,940	100.09%
2023	4,457,718	4,461,178	100.08%
2022	4,337,387	4,346,968	100.22%
2021	4,244,381	4,262,108	100.42%

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(1) Source: Iowa Department of Management
(2) Source: the Issuer
(3) FY26 collections unaudited

Largest Taxpayers (1) (2)

Set forth in the following table are the persons or entities which represent the 2025 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.

Taxpayer	2025 Taxable Valuation	Percent of Total
Riverside Casino & Golf Resort, LLC	65,864,272	16.956%
Mid American Energy	5,032,085	1.295%
Northern Border Pipeline Co.	4,333,610	1.116%
Natural Gas Pipeline Co. Of America	3,400,405	0.875%
AEI Healthcare Fund LLC, ET AL	2,866,522	0.738%
Casey Marketing Co.	2,682,042	0.690%
AINSWORTH FARMERS COOP.	2,349,450	0.605%
AGREE RIVERSIDE IA, LLC	2,214,202	0.570%
DM & E Railroad	1,787,659	0.460%
AINSWORTH CORNERS, INC.	1,369,711	0.353%
	Total	23.66%

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(1) Source: Johnson, Louisa and Washington County Auditors' Offices

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

(3) Riverside Casino & Golf Resort, LLC ("Riverside Casino") is a significant taxpayer within the Issuer. The Issuer receives a significant amount of revenues from and relating to operations of Riverside Casino. There can be no assurance that the operations of Riverside Casino will continue to provide the same level of revenues for the Issuer during the term of the Bonds. Circumstances beyond the control of the Issuer including, without limitation, economic downturns and increased competition may significantly affect Riverside Casino's operations and thus, the amount of revenues received by the Issuer as a result of Riverside Casino's operations. Failure by the Issuer to realize ongoing revenues associated with Riverside Casino could have a material effect on the financial condition of the Issuer.

Direct Debt

General Obligation School Bonds (Debt Service) (1) (2)

The Issuer does not have any outstanding General Obligation School Bonds. Presented below is the estimated principal and interest on the Bonds, presented by fiscal year and issue:

Payment Date	Est Principal	Est Interest	Admin Fees	Total P&I
6/1/27	690,000	347,155	600	1,037,155
6/1/28	315,000	419,957	600	734,957
6/1/29	330,000	404,207	600	734,207
6/1/30	350,000	387,707	600	737,707
6/1/31	365,000	370,207	600	735,207
6/1/32	385,000	351,957	600	736,957
6/1/33	400,000	332,707	600	732,707
6/1/34	420,000	312,707	600	732,707
6/1/35	445,000	291,707	600	736,707
6/1/36	465,000	269,457	600	734,457
6/1/37	485,000	250,101	600	735,101
6/1/38	505,000	229,623	600	734,623
6/1/39	525,000	208,099	600	733,099
6/1/40	545,000	185,514	600	730,514
6/1/41	565,000	161,954	600	726,954
6/1/42	590,000	137,449	600	727,449
6/1/43	615,000	111,875	600	726,875
6/1/44	640,000	85,372	600	725,372
6/1/45	665,000	57,903	600	722,903
6/1/46	695,000	29,621	600	724,621
Totals:	9,995,000	4,945,277	12,000	14,940,277

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

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

Anticipatory Warrants (1)

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

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

Presented below is the principal and interest on the District's outstanding School Infrastructure Sales, Services & Use Tax Revenue Bonds, presented by fiscal year and issue.

Fiscal Year	Total Principal	Total Interest	Total P&I
2027	249,000	11,486	260,486
2028	257,000	5,834	262,834
Totals:	506,000	28,806	534,806

(1) Direct debt source: the Issuer
(2) Preliminary, subject to change

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:

Actual Valuation:	690,790,869
X	5%
Statutory Debt Limit:	34,539,543

Total General Obligation Bond Debt:	9,995,000
Total General Obligation Note Debt:	0
Total Lease Purchases:	0
Total Debt Subject to Limit:	9,995,000
Percentage of Debt Limit Obligated:	26.35%

The constitutional debt limit calculation does not include the District's School Infrastructure Sales, Services & Use Tax Revenue Bonds. If the District's School Infrastructure Sales, Services & Use Tax Revenue Bonds are included in the constitutional debt limit calculation, the "Total debt subject to limit" would increase $506,000* to be $10,501,000* or 27.68* 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. 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 determined to be other than "taxable property" for purposes of computing the Issuer's levy limit under Iowa Code Section 298.18, as amended from time to time. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the Issuer can issue or (ii) adversely affect the Issuer's ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Bonds.

Overlapping & Underlying Debt (1) (3)

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

Taxing Authority	GO Debt Outstanding	Taxable Valuation	Valuation Within Issuer	Percentage Applicable	Amount Applicable
City Of Riverside	0	120,289,479	120,289,479	100.00%	0
City Of Ainsworth	0	11,393,161	11,393,161	100.00%	0
Washington County	13,585,000	1,598,822,968	367,111,450	22.96%	3,119,300
Johnson County	0	11,279,293,082	14,310,682	0.13%	0
Louisa County	0	820,546,945	135,483	0.02%	0
Kirkwood Cc	136,150,279	33,569,299,504	381,557,615	1.14%	1,547,520
Grant Wood Aea	0	33,636,703,764	381,557,615	1.13%	0
				Total:	4,666,821

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

Actual Value of Property, 2025	758,701,108
Taxable Value of Property, 2025	388,431,451
Direct General Obligation Debt:	9,995,000
Overlapping Debt:	4,666,821
Direct & Overlapping General Obligation Debt:	14,661,821
Population, 2020 US Census:	3,947
Direct Debt per Capita:	2,532
Total Debt per Capita:	3,715
Direct Debt to Taxable Valuation:	2.573%
Total Debt to Taxable Valuation:	3.775%
Direct Debt to Actual Valuation:	1.317%
Total Debt to Actual Valuation:	1.932%
Actual Valuation per Capita:	192,222
Taxable Valuation per Capita:	98,412

(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
(5) Preliminary, subject to change

APPENDIX B – FORM OF LEGAL OPINION

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Directors of the Highland Community School District in the Counties of Washington, Johnson and Louisa, State of Iowa, and acts of administrative officers of the School District (the "Issuer"), relating to the issuance of General Obligation School Bonds, Series 2026, by said Issuer, dated September 24, 2026, in the denominations of $5,000 or multiples thereof, in the aggregate amount of $_______________ (the "Bonds").

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

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

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

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

2. The Bonds are valid and binding general obligations of the Issuer.

3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. Taxes have been levied by the Resolution for the payment of the Bonds and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.

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

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

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Highland Community School District, State of Iowa (the "Issuer"), in connection with the issuance of $_______________ General Obligation School Bonds, Series 2026 (the "Bonds") dated September 24, 2026. The Bonds are being issued pursuant to a Resolution of the Issuer approved on ____________________, 2026 (the "Resolution"). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" shall mean the State of Iowa.

Section 3. Provision of Annual Financial Information.

a) The Issuer shall, or shall cause the Dissemination Agent to, not later than the 15th day of April of each year following the close of the Issuer's fiscal year (currently June 30), commencing with information for the 2026/2027 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.

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

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

b) A table, schedule or other information prepared as of the end of the preceding fiscal year, of the type contained in the final Official Statement under the caption "Property Valuations", "Tax Rates", "Historic Tax Rates", "Tax Collection History", "Direct Debt", "Debt Limit", and "Financial Summary".

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

<u>Section 5. Reporting of Significant Events.</u>

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

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

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

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

Section 6. Additional Filing. The Issuer's audited financial statements for fiscal year ending June 30, 2026 were not available for inclusion in the Final Official Statement. The Issuer agrees to file these audited financial statements in the same manner as the Annual Financial Information when they become available.

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

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

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

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

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

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

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

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

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

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

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

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

Date: __________ day of _______________, 2026.

HIGHLAND 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: Highland Community School District, Iowa.

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

Dated Date of Issue: September 24, 2026

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

Dated: __________ day of _______________, 20___.

HIGHLAND 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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HIGHLAND COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2025

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HIGHLAND COMMUNITY SCHOOL DISTRICT
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HIGHLAND COMMUNITY SCHOOL DISTRICT
Officials
June 30, 2025

Name	Title	Term Expires
	Board of Education	
Nate Robinson	President	Nov. 2025
Dan Ruth	Vice President	Nov. 2027
Rachel Longbine	Board Member	Nov. 2025
Joslin Schott	Board Member	Nov. 2027
Aaron Friederich	Board Member	Nov. 2025
Dennis Wendt	Board Member	Nov. 2027
Karen Fink	Board Member	Nov. 2027
	School Officials	
Spencer Lueders	Superintendent	Indefinite
Autumn Moyer	District Secretary/Treasurer	Indefinite
Ahlers Law Firm	Attorney	Indefinite

Kay L. Chapman, CPA PC

116 Harrison Street
Muscatine, Iowa 52761
563-264-1385
kchapman@cpakay.com

Independent Auditor's Report

To the Board of Education of Highland Community School District:

Report on the Audit of the Financial Statements

Opinions

I have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Highland Community School District, Riverside, Iowa, as of and for the year ended June 30, 2025, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

In my 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 Highland Community School District as of June 30, 2025 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 18 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 net position was restated.

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 Highland 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

My 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 my 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, I:

- 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 Highland 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 my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Highland Community School District's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 6 through 13 and 48 through 54 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Highland Community School District's basic financial statements. I 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 7, 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 my opinion, the supplementary information in Schedules 1 through 7 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, I have also issued my report dated March 17, 2026 on my consideration of Highland Community School District's internal control over financial reporting and on my 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 my 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 Highland Community School District's internal control over financial reporting and compliance.

Kay Chapman

Kay L. Chapman, CPA PC
March 17, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Highland 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 $7,829,245 in fiscal 2024 to $8,206,155 in fiscal 2025 and General Fund expenditures increased from $7,930,885 in fiscal 2024 to $8,471,083 in fiscal 2025. The District's General Fund balance decreased from $2,225,507 in fiscal 2024 to $1,958,457 in fiscal 2025, a 12% decrease.

- The increase in the General Fund revenues was attributable to an increase in property taxes and supplemental state aid received by the District for the 2025 fiscal year. The increase in expenditures was due primarily to an increase in expenditures total support services.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Highland 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 Highland Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds.

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 and Related Ratios.

Supplementary Information provides detailed information about the nonmajor governmental and nonmajor enterprise 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 two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.

- *Business type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition and preschool programs are included here.

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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

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

of proprietary fund, are optional and available to report activities that provide supplies and services for other District programs and activities. The District currently has one internal service fund.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2025	Restated 2024	2025	2024	2025	Restated 2024	2024-2025
Current and other assets	$ 13,984,050	$ 12,969,225	$ 15,012	$ 106,595	$ 13,999,062	$ 13,075,820	7.06%
Capital assets	12,148,976	12,616,227	116,095	145,909	12,265,071	12,762,136	-3.89%
Total assets	26,133,026	25,585,452	131,107	252,504	26,264,133	25,837,956	1.65%
Deferred outflows of resources	568,833	759,785	18,010	22,950	586,843	782,735	-25.03%
Long-term liabilities	5,890,591	6,869,571	44,415	59,000	5,935,006	6,928,571	-14.34%
Other liabilities	1,040,664	1,340,053	35,632	34,315	1,076,296	1,374,368	-21.69%
Total liabilities	6,931,255	8,209,624	80,047	93,315	7,011,302	8,302,939	-15.56%
Deferred inflows of resources	5,374,843	5,409,323	14,839	18,436	5,389,682	5,427,759	-0.70%
Net position							
Net investment in capital assets	9,135,976	9,129,227	116,095	145,909	9,252,071	9,275,136	-0.25%
Restricted	5,905,728	4,446,932	-	-	5,905,728	4,446,932	32.80%
Unrestricted	(645,943)	(849,869)	(61,864)	17,794	(707,807)	(832,075)	14.93%
Total net position	$ 14,395,761	$ 12,726,290	$ 54,231	$ 163,703	$ 14,449,992	$ 12,889,993	12.10%

The District's total net position increased by 12%, or $1,559,999, over the prior year.

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

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased $1,458,796, or 33% over the prior year. The increase was due to putting funds into escrow to pay off the debt early.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased $124,268, an increase of approximately 15%. This increase in unrestricted net position was a result of a increase in the unrestricted General Fund balance and decrease in the District's deferred inflows pension.

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

Figure A-2

Change in Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	Restated	Not Restated	Not Restated	Not Restated	Restated	Not Restated	
Revenues	2025	2024	2025	2024	2025	2024	2024-2025
Program revenues							
Charges for service	$ 907,935	$ 657,194	$ 164,501	$ 193,604	$ 1,072,436	$ 850,798	26.05%
Operating grants and contributions	1,421,458	1,299,934	126,976	163,875	1,548,434	1,463,809	5.78%
General revenues							
Property tax	4,711,753	4,714,113	-	-	4,711,753	4,714,113	-0.05%
Income surtax	113,761	131,223	-	-	113,761	131,223	-13.31%
Statewide sales, services and use tax	779,330	768,022	-	-	779,330	768,022	1.47%
Unrestricted state grants	2,788,367	2,682,998	-	-	2,788,367	2,682,998	3.93%
Contributions and donations	70,584	157,499	-	-	70,584	157,499	-55.18%
Unrestricted investment earnings	261,313	283,490	-	1	261,313	283,491	-7.82%
Other	112,869	121,918	-	-	112,869	121,918	-7.42%
Total revenues	11,167,370	10,816,391	291,477	357,480	11,458,847	11,173,871	2.55%
Program expenses							
Governmental activities							
Instruction	5,712,057	4,504,268	-	-	5,712,057	4,504,268	26.81%
Support services	2,890,570	3,368,744	-	-	2,890,570	3,368,744	-14.19%
Non-instructional programs	-	-	403,071	417,571	403,071	417,571	-3.47%
Other expenses	893,150	864,076	-	-	893,150	864,076	3.36%
Total expenses	9,495,777	8,737,088	403,071	417,571	9,898,848	9,154,659	8.13%
Change in net position before special item and transfers	1,671,593	2,079,303	(111,594)	(60,091)	1,559,999	2,019,212	-22.74%
Transfers	(2,122)	-	2,122	-	-	-	0.00%
Special item - loss on disposal of capital assets	-	(225,812)	-	-	-	(225,812)	100.00%
Net position, beginning of year, as restated	12,726,290	8,579,828	163,703	223,794	12,889,993	8,803,622	46.42%
Net position, end of year	$14,395,761	$10,433,319	$ 54,231	$ 163,703	$14,449,992	$10,597,022	36.36%

In fiscal year 2025, property tax and unrestricted state grants accounted for 67% of governmental activities revenue while charges for service and operating grants account for 100% business type activities revenue. The District's total revenues were $11,458,847 of which $11,167,370 was for governmental activities and $291,477 was for business type activities.

As shown in Figure A-2, the District as a whole experienced a 3% increase in revenues and an 8% increase in expenses. The increase in revenues is due to the increase in statewide sales, services and use tax and unrestricted state grants income. The District's increase in the expenditures is due to increased instruction costs.

Governmental Activities

Revenues for governmental activities were $11,167,370 and expenses were $9,495,777 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

	Total Cost of Services			Net Cost of Services		
	2025	2024	2024-2025	2025	2024	2024-2025
Instruction	$ 5,712,057	$ 4,504,268	26.8%	$ 3,877,560	$ 2,823,713	37.3%
Support services	2,890,570	3,368,744	-14.2%	2,813,235	3,092,171	-9.0%
Other expenses	893,150	864,076	3.4%	475,589	864,076	-45.0%
Total expenses	$ 9,495,777	$ 8,737,088	8.7%	$ 7,166,384	$ 6,779,960	5.7%

For the year ended June 30, 2025:

- The cost financed by users of the District's programs was $907,935.
- Federal and state governments subsidized certain programs with grants and contributions totaling $1,421,458.
- The net cost of governmental activities was financed with $5,604,844 of property and other taxes and $2,788,367 of unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2025 were $291,477 representing a decrease of approximately 18% from the prior year, while expenses totaled $403,071, a 3% decrease from the prior year. The District's business type activities include the School Nutrition Fund. Revenues for these activities were comprised of charges for service, federal and state reimbursements. The decrease in expenses was due to the closing of the Preschool Fund. The decrease in revenues was due to less federal funding being received and the closing of the Preschool Fund.

INDIVIDUAL FUND ANALYSIS

As previously noted, Highland 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 $7,876,969, significantly above last year's ending fund balances of $6,499,527. The primary reason for the increase was due to additional property taxes collected to be put in escrow for the repayment of the general obligation bonds early.

Governmental Fund Highlights

- The General Fund balance decreased from $2,225,507 in 2024 to $1,958,457 in 2025. The District's decrease in the General Fund balance is due to increased expenditures.

- The Statewide Sales, Services and Use Tax fund balance increased from $800,686 in 2024 to $1,232,878 in 2025 due to a decrease in transportation costs.

- The Debt Service Fund balance increased from $1,861,105 in 2024 to $2,416,481 in 2025 due to additional property taxes collected to be put in escrow for the repayment of the general obligation bonds early.

Proprietary Fund Highlights

- Enterprise Fund net position decreased from $163,703 at June 30, 2024 to $54,231 at June 30, 2025 a decrease of approximately 67%. This decrease was due to increased expenses from Nutrition Fund and increased expenses from the Insurance Fund.

BUDGETARY HIGHLIGHTS

The Highland Community School District amended its certified budget one time during the year 2025, increasing expenditures by $383,657 for the ESCROW general obligation bond payment.

The District's total revenues were $306,973 more than total budgeted revenues, a variance of approximately 3%. The increase in revenues was due primarily to investment interest income and federal grant money.

Total expenditures were $945,045 less than budgeted. 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 the line-item budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the District had invested $12,265,071, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-4) This represents a net decrease of approximately 4% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was $667,173 for governmental activities and $32,645 for business type activities.

The original cost of the District's capital assets was $20,872,339. Governmental funds account for $20,546,348, with the remainder of $325,991 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 which decreased from $1,041,222 in 2024 to $0 in 2025. This was due to the completion of the building projects during 2025.

Figure A-4

Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2025	2024	2025	2024	2025	2024	2024-2025
Land	$ 219,000	$ 219,000	$ -	$ -	$ 219,000	$ 219,000	0.00%
Construction in progress	-	1,041,222	-	-	-	1,041,222	-100.00%
Buildings and improvements	8,617,992	7,694,433	-	-	8,617,992	7,694,433	12.00%
Improvements, other than buildings	2,567,431	2,764,884	-	-	2,567,431	2,764,884	-7.14%
Furniture and equipment	744,553	896,688	116,095	145,908	860,648	1,042,596	-17.45%
Totals	$12,148,976	$12,616,227	$116,095	$145,908	$12,265,071	$12,762,135	-3.89%

Long-Term Debt

At June 30, 2025, the District had $5,891,946 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 14% 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 percent 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 $18.5 million.

Figure A-5

Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
		Restated	
Governmental Activities	2025	2024	2024-2025
General obligation bonds	$ 2,260,000	$ 2,490,000	-9.24%
Revenue bonds	753,000	997,000	-24.47%
Compensated absences	276,102	218,603	26.30%
Termination benefits	182,694	190,081	-3.89%
Net pension liability	1,633,016	2,093,666	-22.00%
Net OPEB liability	742,719	822,809	-9.73%
	5,847,531	6,812,159	-14.16%
Business Type Activities			
Net pension liability	44,415	59,000	-24.72%
Total	$ 5,891,946	$ 6,871,159	-14.25%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District will continue to apply for grants from the Washington County Riverboat Foundation for major equipment purchases for the District.
- The District will apply for additional federal and state grants to help fund major projects.
- The District will continue to utilize the Equipment Breakdown Insurance policy with premiums paid out of the Management Fund.
- The District entered into operational sharing agreements with neighboring school districts and will continue to look at this avenue as a means for saving General Fund dollars.
- The District continues to keep a close eye on spending authority. A part-time shared superintendent was utilized for FY25. Operational sharing of curriculum director, maintenance and human resources were also utilized.
- The District also utilized internal positions as a cost savings to the District. Specifically, transportation and building and grounds.
- The Facilities Committee meets regularly to recommend building improvements to help on cost savings.
- The District will continue to try and increase student enrollment as well as watching the open enrollments both in and out which will affect the financial health of the district.

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 Autumn Moyer, Board Secretary/Treasurer, Highland Community School District, 1715 Vine Avenue, Riverside, Iowa 52327.

Basic Financial Statements

HIGHLAND COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

Exhibit A

Assets	Governmental Activities	Business Type Activities	Total
Cash, cash equivalents and pooled investments	$ 8,655,366	$ 18,399	$ 8,673,765
Receivables			
Property tax			
Delinquent	22,409	-	22,409
Succeeding year	4,906,170	-	4,906,170
Accounts	9,250	1,163	10,413
Income surtax	119,541	-	119,541
Prepaid expenses	8,546	-	8,546
Due from other governments	250,761	-	250,761
Internal balances	12,007	(12,007)	-
Inventories	-	7,457	7,457
Capital assets not being depreciated	219,000	-	219,000
Capital assets net of accumulated depreciation	11,929,976	116,095	12,046,071
Total assets	26,133,026	131,107	26,264,133
Deferred Outflows of Resources			
Pension related deferred outflows	568,833	18,010	586,843
Liabilities			
Accounts payable	299,115	-	299,115
Salaries and benefits payable	729,235	27,084	756,319
Unearned revenue	-	8,548	8,548
Accrued interest payable	12,314	-	12,314
Long-term liabilities			
Portion due within one year			
General obligation bonds payable	540,000	-	540,000
Unamortized premium on bonds	14,352	-	14,352
Revenue bonds payable	247,000	-	247,000
Termination benefits	82,762	-	82,762
Total OPEB liability	98,472	-	98,472
Portion due after one year			
General obligation bonds payable	1,720,000	-	1,720,000
Unamortized premium on bonds	28,708	-	28,708
Revenue bonds payable	506,000	-	506,000

HIGHLAND COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

	Governmental Activities	Business Type Activities	Total
Liabilities (continued)			
Long-term liabilities (continued)			
Portion due after one year (continued)			
Compensated absences	$ 276,102	$ -	$ 276,102
Termination benefits	99,932	-	99,932
Net pension liability	1,633,016	44,415	1,677,431
Total OPEB liability	644,247	-	644,247
Total liabilities	6,931,255	80,047	7,011,302
Deferred Inflows of Resources			
Unavailable property tax revenue	4,906,170	-	4,906,170
Pension related deferred inflows	468,673	14,839	483,512
Total deferred inflows of resources	5,374,843	14,839	5,389,682
Net Position			
Net investment in capital assets	9,135,976	116,095	9,252,071
Restricted for			
Categorical funding	225,284	-	225,284
Management levy	583,003	-	583,003
Physical plant and equipment	1,307,095	-	1,307,095
Debt service	2,361,107	-	2,361,107
Student activities	196,361	-	196,361
School infrastructure	1,232,878	-	1,232,878
Unrestricted	(645,943)	(61,864)	(707,807)
Total net position	$ 14,395,761	$ 54,231	$ 14,449,992

See notes to financial statements.

Exhibit B

HIGHLAND COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Governmental activities							
Instruction							
Regular instruction	$ 3,803,168	$ 445,638	$ 1,161,191	$ -	$ (2,196,339)	$ -	$ (2,196,339)
Special instruction	1,063,064	62,364	24,669	-	(976,031)	-	(976,031)
Other instruction	845,825	140,635	-	-	(705,190)	-	(705,190)
	5,712,057	648,637	1,185,860	-	(3,877,560)	-	(3,877,560)
Support services							
Student	177,286	-	-	-	(177,286)	-	(177,286)
Instructional staff	347,126	-	-	-	(347,126)	-	(347,126)
Administration	1,268,702	-	-	-	(1,268,702)	-	(1,268,702)
Operation and maintenance of plant	806,274	-	-	-	(806,274)	-	(806,274)
Transportation	291,182	-	77,335	-	(213,847)	-	(213,847)
	2,890,570	-	77,335	-	(2,813,235)	-	(2,813,235)
Non-instructional programs	-	-	-	-	-	-	-
Other expenses							
Facilities acquisition	16,098	21,225	158,263	-	163,390	-	163,390
Long-term debt interest	60,028	-	-	-	(60,028)	-	(60,028)
AEA flowthrough	238,073	238,073	-	-	-	-	-
Depreciation (unallocated) *	578,951	-	-	-	(578,951)	-	(578,951)
	893,150	259,298	158,263	-	(475,589)	-	(475,589)
Total governmental activities	9,495,777	907,935	1,421,458	-	(7,166,384)	-	(7,166,384)

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

HIGHLAND COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2025

Exhibit B

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs (continued)	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Business type activities							
Non-instructional programs							
Food service operations	$ 403,071	$ 164,501	$ 126,976	$ -	$ -	$ (111,594)	$ (111,594)
Preschool operations	-	-	-	-	-	-	-
Total business type activities	403,071	164,501	126,976	-	-	(111,594)	(111,594)
Total	$ 9,898,848	$ 1,072,436	$ 1,548,434	$ -	(7,166,384)	(111,594)	(7,277,978)
General Revenues							
Property tax levied for							
General purposes					3,560,550	-	3,560,550
Debt service					800,811	-	800,811
Capital outlay					350,392	-	350,392
Income surtax					113,761	-	113,761
Statewide sales, services and use tax					779,330	-	779,330
Unrestricted state grants					2,788,367	-	2,788,367
Contributions and donations					70,584	-	70,584
Unrestricted investment earnings					261,313	-	261,313
Other					112,869	-	112,869
Transfers					(2,122)	2,122	-
Total general revenues and transfers					8,835,855	2,122	8,837,977
Change in net position					1,669,471	(109,472)	1,559,999
Net position beginning of year, as restated					12,726,290	163,703	12,889,993
Net position end of year					$14,395,761	$ 54,231	$14,449,992

See notes to financial statements.

HIGHLAND COMMUNITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2025

Exhibit C

		Capital Projects			
Assets	General	Statewide Sales, Services and Use Tax	Debt Service	Nonmajor Governmental Funds	Total
Cash, cash equivalents and pooled investments	$ 2,737,511	$1,190,791	$2,413,290	$2,260,516	$ 8,602,108
Receivables					
Property tax					
Delinquent	13,964	-	3,691	4,754	22,409
Succeeding year	3,158,493	-	1,030,206	717,471	4,906,170
Accounts	1,008	-	-	8,242	9,250
Income surtax	119,541	-	-	-	119,541
Prepaid expenses	-	8,546	-	-	8,546
Due from other governments	169,035	81,726	-	-	250,761
Due from other funds	13,944	-	-	1,728	15,672
Total assets	$ 6,213,496	$1,281,063	$3,447,187	$2,992,711	$13,934,457
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 244,105	$ 48,185	$ 500	$ 6,087	$ 298,877
Salaries and benefits payable	729,235	-	-	-	729,235
Due to other funds	3,665	-	-	-	3,665
Total liabilities	977,005	48,185	500	6,087	1,031,777
Deferred inflows of resources					
Unavailable revenue					
Suceeding year property tax	3,158,493	-	1,030,206	717,471	4,906,170
Income surtax	119,541	-	-	-	119,541
Total deferred inflows of resources	3,278,034	-	1,030,206	717,471	5,025,711
Fund balances					
Nonspendable					
Prepaids	-	8,546	-	-	8,546
Restricted for					
Categorical funding	225,284	-	-	-	225,284
School infrastructure	-	1,224,332	-	-	1,224,332
Student activities	-	-	-	196,361	196,361
Management levy purposes	-	-	-	765,697	765,697
Physical plant and equipment	-	-	-	1,307,095	1,307,095
Debt service	-	-	2,416,481	-	2,416,481
Unassigned	1,733,173	-	-	-	1,733,173
Total fund balances	1,958,457	1,232,878	2,416,481	2,269,153	7,876,969
Total liabilities, deferred inflows of resources and fund balances	$ 6,213,496	$1,281,063	$3,447,187	$2,992,711	$13,934,457

See notes to financial statements.

HIGHLAND COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2025

Exhibit D

Total fund balances of governmental funds		$ 7,876,969
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		12,148,976
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.		119,541
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.		(12,314)
Unamortized bond premium is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.		(43,060)
Pension 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	$ 568,833	
Deferred inflows of resources	(468,673)	100,160
The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.		53,020
Long-term liabilities, including bonds payable, compensated absences payable, termination benefits, other postemployment benefits payable and net pension liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(5,847,531)
Net position of governmental activities		$14,395,761

See notes to financial statements.

HIGHLAND COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2025

Exhibit E

Revenues	General	Capital Projects Statewide Sales, Services and Use Tax	Debt Service	Nonmajor Governmental Funds	Total
Local sources					
Local tax	$ 3,111,042	$ -	$ 792,834	$1,020,158	$ 4,924,034
Tuition	501,977	-	-	-	501,977
Other	278,703	48,146	36,465	262,096	625,410
State sources	4,203,390	779,330	7,977	10,274	5,000,971
Federal sources	111,043	-	-	148,263	259,306
Total revenues	8,206,155	827,476	837,276	1,440,791	11,311,698
Expenditures					
Current					
Instruction					
Regular	3,949,002	-	-	-	3,949,002
Special	1,125,500	-	-	-	1,125,500
Other	731,486	-	-	159,750	891,236
	5,805,988	-	-	159,750	5,965,738
Support services					
Student	189,013	-	-	-	189,013
Instructional staff	390,254	-	-	-	390,254
Administration	986,691	66,910	-	232,625	1,286,226
Operation and maintenance of plant	592,973	-	-	245,214	838,187
Transportation	268,091	-	-	61,011	329,102
	2,427,022	66,910	-	538,850	3,032,782
Other expenditures					
Facilities acquisition	-	58,742	-	85,267	144,009
Long-term debt					
Principal	-	-	474,000	-	474,000
Interest and fiscal charges	-	2,000	75,532	-	77,532
AEA flowthrough	238,073	-	-	-	238,073
	238,073	60,742	549,532	85,267	933,614
Total expenditures	8,471,083	127,652	549,532	783,867	9,932,134
Excess (deficency) of revenues over (under) expenditures	(264,928)	699,824	287,744	656,924	1,379,564
Other financing sources (uses)					
Transfers in	-	-	267,632	-	267,632
Transfers (out)	(2,122)	(267,632)	-	-	(269,754)
Total other financing sources (uses)	(2,122)	(267,632)	267,632	-	(2,122)
Change in fund balances	(267,050)	432,192	555,376	656,924	1,377,442
Fund balance, beginning of year	2,225,507	800,686	1,861,105	1,612,229	6,499,527
Fund balance, end of year	$ 1,958,457	$1,232,878	$2,416,481	$2,269,153	$ 7,876,969

See notes to financial statements.

HIGHLAND COMMUNITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Exhibit F

Change in fund balances - total governmental funds		$ 1,377,442
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 expense in the Statement of Activities. Capital outlay expenditures, disposals and depreciation expense for the current year are as follows:		
Expenditures for capital assets	$ 199,922	
Depreciation expense	(667,173)	(467,251)
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;		
Other		(144,328)
The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.		(29,277)
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.		
Amortization of bond premium	(14,352)	
Repaid	474,000	459,648
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.		433,189
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	(7,481)	
Compensated absences	(57,499)	
Pension expense	21,786	
Other postemployment benefits	80,090	36,896
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.		3,152
Change in net position of governmental activities		$ 1,669,471

See notes to financial statements.

HIGHLAND COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2025

Exhibit G

	Business Type Activities	Governmental Activities
	Nonmajor Enterprise	Internal Service
Assets		
Current assets		
Cash and cash equivalents	$ 18,399	$ 53,258
Accounts receivable	1,163	-
Due from other fund	1,937	-
Inventories	7,457	-
Total current assets	28,956	53,258
Noncurrent assets		
Capital assets, net of accumulated depreciation	116,095	-
Total assets	145,051	53,258
Deferred Outflows of Resources		
Pension related deferred outflows	18,010	-
Liabilities		
Current liabilities		
Accounts payable	-	238
Salaries and benefits payable	27,084	-
Unearned revenue	8,548	-
Due to other fund	13,944	-
Total current liabilities	49,576	238
Noncurrent liabilities		
Net pension liability	44,415	-
Total liabilities	93,991	238
Deferred Inflows of Resources		
Pension related deferred inflows	14,839	-
Net Position		
Investment in capital assets	116,095	-
Unrestricted	(61,864)	53,020
Total net position	$ 54,231	$ 53,020

See notes to financial statements.

HIGHLAND COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2025

Exhibit H

	Business Type Activities	Governmental Activity
	Nonmajor Enterprise	Internal Service
Operating revenue		
Local sources		
Charges for service	$164,501	$ 109,571
Operating expenses		
Support services		
Administration		
Benefits	-	3,360
Purchased services	-	113,538
	-	116,898
Non-instructional programs		
Food service operations	403,071	-
Other enterprise operations	-	21,950
Total non-instructional programs	403,071	21,950
Total operating expenses	403,071	138,848
Operating (loss)	(238,570)	(29,277)
Non-operating revenue		
Interest income	-	-
State sources	1,604	-
Federal sources	125,372	-
Total non-operating revenue	126,976	-
Net (loss) before transfers	(111,594)	(29,277)
Transfers in	2,122	-
Change in net position	(109,472)	(29,277)
Net position beginning of year	163,703	82,297
Net position end of year	$ 54,231	$ 53,020

See notes to financial statements.

HIGHLAND COMMUNITY SCHOOL DISTRICT

Exhibit I

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2025

	Business Type Activities	Governmental Activity
	Nonmajor Enterprise	Internal Service
Cash flows from operating activities		
Cash received from sale of services	$ 163,144	$109,571
Cash payments to employees for services	(188,582)	-
Cash payments to suppliers for goods and services	(159,325)	(138,610)
Net cash (used in) operating activities	(184,763)	(29,039)
Cash flows from non-capital financing activities		
Interfund transfer	2,122	-
State grants received	1,604	-
Federal grants received	86,303	-
Net cash provided by non-capital financing activities	90,029	-
Cash flows from capital and related financing activities		
Acquisition of capital assets	(2,831)	-
Cash flows from investing activities		
Interest on investments	-	-
Net (decrease) in cash and cash equivalents	(97,565)	(29,039)
Cash and cash equivalents, beginning of year	115,964	82,297
Cash and cash equivalents, end of year	$ 18,399	$ 53,258
Reconciliation of operating (loss) to net cash (used in) operating activities		
Operating (loss)	$(238,570)	$ (29,277)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities		
Depreciation	32,645	-
Commodities used	39,069	-
Change in assets and liabilities:		
Accounts receivable	(1,163)	-
Due from other fund	(1,937)	-
Inventories	(5,229)	-
Deferred outflows of resources	4,940	-
Accounts payable	-	238
Salaries and benefits payable	3,858	-
Unearned revenue	(194)	-
Net pension liability	(14,585)	-
Deferred inflows of resources	(3,597)	-
Net cash (used in) operating activities	$(184,763)	$ (29,039)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2025, the District received $39,069 of federal commodities.

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

Highland Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The District also operates a preschool for preschool-aged children in the communities served. The geographic area served includes the Cities of Ainsworth and Riverside, Iowa and the predominant agricultural territory in Louisa, Johnson and Washington 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, Highland Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed 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 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 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 assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position.

Net position is reported in the following categories:

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

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

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

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

<u>Fund Financial Statements</u> - Separate financial statements are provided for governmental and proprietary funds. 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 nonmajor governmental and nonmajor enterprise funds.

The District reports the following major governmental funds:

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

The Capital Projects - Statewide Sales, Services and Use Tax Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets from the revenue of the Statewide Sales, Services and Use Tax.

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

The District reports no major proprietary funds. However, the District reports two nonmajor Enterprise Funds. The School Nutrition Fund, which is used to account for the food service operations of the District and the three-year-old Preschool Fund, which was used to account for the preschool operations of the District. The District also has an Internal Service fund which is utilized to account for employee health insurance benefits.

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and termination benefits 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 Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized cost.

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

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.

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

Asset Class	Amount
Land	$ 1,500
Buildings	$ 1,500
Improvements other than buildings	$ 1,500
Furniture and equipment:	
School Nutrition Fund equipment	$ 500
Other furniture and equipment	$ 1,500

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20 years
Buses	7 years
Other on-road vehicles	4 years
Furniture and equipment	5-12 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

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 expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

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

Unearned Revenue - Unearned revenues consist of collected monies for lunches that have not yet been served. The lunch account balances will either be reimbursed to the student or be used as meals are served to the student.

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

Termination Benefits - District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on the benefit calculation in the early retirement package approved by the Board. The early retirement liability attributable to the governmental activities will be paid primarily by the General and Management Funds. This liability has been computed based on amounts established in the District's adopted board policy regarding early retirement benefits.

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

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

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows 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 and income surtax 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 expense.

<u>Fund Balances</u> - 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 classifications.

<u>Net Position</u> - In the district-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Net position restricted through enabling legislation includes $1,307,095 for physical plant and equipment, $196,361 for student activities, $583,003 for management levy purposes, and $1,232,878 for school infrastructure.

E. <u>Budgets and Budgetary Accounting</u>

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

F. <u>Estimates</u>

The 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.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2025 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72 at June 30, 2025.

Note 3. Due From and Due to Other Funds

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

Receivable Fund	Payable Fund	Amount
Nonmajor Enterprise	Major Governmental	
School Nutrition	General Fund	$ 1,937
Major Governmental	Nonmajor Enterprise	
General Fund	Preschool	13,944
Nonmajor Capital Project	Major Governmental	
Physical Plant and Equipment Levy	General Fund	1,728
		$ 17,609

The General Fund owes the School Nutrition Fund for indirect costs. The Preschool Fund owes the General Fund for wages. The General Fund owes the Physical Plant and Equipment Levy Fund to reimburse for expenditures. These balances are shown on the financial statements as Due From and Due to Other Fund. These amounts are expected to be repaid by June 30, 2026.

Note 4. Interfund Transfers

The details of interfund transfers for the year ended June 30, 2025 are as follows:

Transfer to	Transfer from	Amount
Nonmajor Governmental	Nonmajor Capital Projects	
Debt service	Statewide Sales, Services and Use Tax	$ 267,632

Nonmajor Special Revenue	Major Governmental	
School Nutrition	General Fund	2,122
		$ 269,754

These transfers move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfers from the Statewide Sales, Services and Use Tax Fund to the Debt Service Fund are to make principal and interest payments on long-term debt. The transfer from the General Fund to the School Nutrition Fund is for indirect cost reimbursement.

Note 5. Capital Assets

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

Governmental activities	Balance, Beginning of Year	Increases	Decreases	Balance, End of Year
Capital assets not being depreciated:				
Land	$ 219,000	$ -	$ -	$ 219,000
Construction in progress	1,041,222	127,911	(1,169,133)	-
Total capital assets, not being depreciated	1,260,222	127,911	(1,169,133)	219,000
Capital assets being depreciated:				
Buildings and improvements	11,730,465	1,169,133	-	12,899,598
Improvements other than buildings	4,113,295	-	-	4,113,295
Furniture and equipment	3,242,444	72,011	-	3,314,455
Total capital assets being depreciated	19,086,204	1,241,144	-	20,327,348
Less accumulated depreciation for:				
Buildings and improvements	4,036,032	245,574	-	4,281,606
Improvements other than buildings	1,348,411	197,453	-	1,545,864
Furniture and equipment	2,345,756	224,146	-	2,569,902
Total accumulated depreciation	7,730,199	667,173	-	8,397,372
Total capital assets being depreciated, net	11,356,005	573,971	-	11,929,976
Governmental activities capital assets, net	$ 12,616,227	$ 701,882	$(1,169,133)	$ 12,148,976
Business-type activities				
Furniture and equipment	$ 323,159	$ 2,832	$ -	$ 325,991
Less accumulated depreciation	177,251	32,645	-	209,896
Business type activities capital assets, net	$ 145,908	$ (29,813)	$ -	$ 116,095

Depreciation expense was charged to the following functions:

Governmental activities	
Instruction	
Regular	$ 61,919
Special	3,013
Other	11,676
Support services	
Student	3,395
Instructional staff	3,559
Administration	1,839
Operation and maintenance of plant	687
Transportation	2,134
	88,222
Unallocated depreciation	578,951
Total governmental activities depreciation expense	$ 667,173
Business type activities	
Food services	$ 32,645

Note 6. Long-term Liabilities

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

	Restated Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
Governmental activities					
General obligation bonds	$ 2,490,000	$ -	$ (230,000)	$ 2,260,000	$ 540,000
Revenue bonds	997,000	-	(244,000)	753,000	247,000
Compensated absences *	218,603	57,499	-	276,102	-
Termination benefits	190,081	103,805	(111,192)	182,694	82,762
Net pension liability	2,093,666	-	(460,650)	1,633,016	-
Total OPEB liability	822,809	-	(80,090)	742,719	98,472
Totals	$ 6,812,159	$ 161,304	$ (1,125,932)	$ 5,847,531	$ 968,234
Business type activities					
Net pension liability	$ 59,000	$ -	$ (14,585)	$ 44,415	$ -

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

Interest costs incurred and charged to expense on all long-term debt was $60,028 for the year ended June 30, 2025. During the year ended June 30, 2025, the District made principal payments on total long-term debt of $474,000.

General Obligation Bonds

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

Year Ending June 30,	Bond issue of March 11, 2020 Interest Rates	Interest	Principal	Total
2026	2.00%	$ 45,200	$ 540,000	$ 585,200
2027	2.00%	34,400	565,000	599,400
2028	2.00%	23,100	575,000	598,100
2029	2.00%	11,600	580,000	591,600
Totals		$ 114,300	$ 2,260,000	$ 2,374,300

On March 11, 2020, the District issued $3,700,000 of general obligation bonds for HVAC and playground upgrades and improvements. The bonds bear interest at 2.0%. Principal payments of $230,000 and interest payments of $49,800 were made on these bonds during the year ended June 30, 2025.

Bond Refunding

In November 2017, the District issued $2,589,000 of school infrastructure sales, services and use tax revenue advanced refunding bonds with an interest rate of 2.27%. The District issued the bonds to refund $2,610,000 of the outstanding June 2009 school infrastructure sales, services and use tax revenue bonds with interest rates ranging from 4.25% to 5.45%. The District used the net proceeds to advance refund the balance of the 2004 bond issue on November 28, 2017.

The refunding reduced total debt service payments over the next twelve years by $620,093. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $211,353.

Revenue Bonds

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

Year Ending June 30,	Bond issue of November 28, 2017 Interest Rates	Interest	Principal	Total
2026	2.27%	$ 17,093	$ 247,000	$ 264,093
2027	2.27%	11,486	249,000	260,486
2028	2.27%	5,834	257,000	262,834
Totals		$ 34,413	$ 753,000	$ 787,413

The District has pledged future statewide sales, services and use tax revenues to repay the $2,589,000 of bonds issued in November 2017. The bonds were issued to advance refund the statewide sales, services and use tax revenue bond issued in 2009. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2028. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 37% of the statewide sales and services tax revenues. The total principal and interest remaining to be paid on the bonds is $787,413. For the current year, $244,000 of principal and $22,632 of interest was paid on the bonds and statewide sales, services and use tax revenues were $779,330.

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

a) All proceeds from the statewide sales, services and use tax shall be placed in an escrow account.

The District complied with all the revenue bond provisions during the year ended June 30, 2025.

Termination Benefits

Certified and non-certified District employees who have 10 years of continuous service at Highland Community School District and are age 55 or older are eligible for early retirement pay. The early retirement incentive for each eligible certified and non-certified employee approved by the Board shall be the cost to the District for providing continuing coverage under the District's group insurance plan until the certified and non-certified employee becomes eligible for Medicare. The coverage shall constitute the employee's single health and dental coverage applicable at the time of separation. The retirement incentive also includes a $2,000 403b annuity for non-certified and a $10,000 403b annuity for certified. The certified and non-certified employee must meet the requirements of the insurer to continue coverage under this plan.

The Board has complete discretion to offer or not offer an early retirement plan for certified and non-certified employees on an annual basis. The Board may discontinue the District's early retirement plan at any time.

The employee must notify the Board by March second to receive the early retirement benefits. At June 30, 2025, the maximum accumulated retirement benefit of the District was $182,694 and twelve individuals had requested early retirement and were receiving the benefit. Early retirement expenditures for the year ended June 30, 2025 totaled $111,192.

Note 7. Pension Plan

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

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

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

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

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

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 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 $433,189.

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 $1,677,431 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS' relative to the contributions of all IPERS participating employers. At June 30, 2024, the District's proportion was 0.045424%, which was a decrease of 0.001229% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of $411,403. 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	$ 133,475	$ 1,042
Changes of assumptions	-	23
Net difference between projected and actual earnings on IPERS' investments	20,979	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	-	482,447
District contributions subsequent to the measurement date	432,389	-
Total	$ 586,843	$ 483,512

$432,389 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2026	$(386,855)
2027	268,628
2028	(102,138)
2029	(105,801)
2030	(2,892)
Total	$(329,058)

There were no non-employer contributing entities to IPERS.

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

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 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 morality 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	21.0 %	3.52 %
International equity	13.0	5.18
Global smart beta equity	5.0	4.12
Core plus fixed income	25.5	3.04
Public credit	3.0	4.53

Cash	1.0	1.69
Private equity	17.0	8.89
Private real assets	9.0	4.25
Private credit	5.5	6.62
Total	100.0 %	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$4,116,386	$1,677,431	$(365,206)

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

Payables to IPERS - At June 30, 2025, the District reported no payables to the defined benefit pension plan for legally required employer or employee contributions which had been withheld from employee wages which had not yet remitted to IPERS.

Note 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 Highland 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	9
Active employees	82
Total	91

Total OPEB Liability - The District's total OPEB liability of $742,719 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)	2.50% per annum.
Rates of salary increase (effective June 30, 2025)	3.25% per annum.
Discount rate (effective June 30, 2025)	5.20% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2025)	7.6% for FY24 gradually decreasing to an ultimate rate of 3.9% in FY2076 and later.

Discount Rate - The discount rate used to measure the total OPEB liability was 5.20% 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 Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments. 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 Liability
Total OPEB liability beginning of year	$ 822,809
Changes for the year:	
Service cost	49,171
Interest	32,663
Differences between expected and actual experiences	-
Changes in assumptions	(63,452)
Benefit payments	(98,472)
Net changes	(80,090)
Total OPEB liability end of year	$ 742,719

Changes of assumptions reflect a change in the discount rate from 3.97% in fiscal year 2024 to 5.20% in 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 (2.97%) or 1% higher (4.97%) than the current discount rate.

	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	$793,863	$742,719	$695,383

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 it were calculated using healthcare cost trend rates that are 1% lower (6.6%) or 1% higher (8.6%) than the current healthcare cost trend rates.

	1% Decrease (6.6%)	Healthcare Cost Trend Rate (7.6%)	1% Increase (8.6%)
Total OPEB liability	$668,947	$742,719	$828,873

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2025 the District recognized OPEB benefit of $80,090. At June 30, 2025, the District reported no deferred inflows or outflows of resources related to OPEB.

Note 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.

Note 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 $238,073 for the year ended June 30, 2025 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government.

As of June 30, 2025, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Note 12. Deficit Balances

The District had a $645,943 negative unrestricted net position in the governmental activities, a $61,864 unrestricted net position in the business-type activities and a $707,807 negative total unrestricted net position at June 30, 2025. In addition, the Enterprise Preschool Fund had unrestricted net position and total net position deficit of $13,944, the Enterprise School Nutrition Fund had unrestricted net position deficit of $47,920 and total enterprise funds had unrestricted net position of $61,864 at June 30, 2025

Note 13. Categorical Funding

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

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

Program	Amount
Gifted and talented	$ 133,545
Teacher leadership program	5,682
Four-year-old preschool state aid	27,720
Early literacy grant	13,595
Educator quality, professional development	44,742
	$ 225,284

Note 14. Self-funded Health Insurance

During the year ended June 30, 2015, the District began utilizing a partial self-funded/partial fully funded plan. This is a combination of a low self-funded single of \$1,500/\$4,500 and family \$3,000/\$9,000 and a high fully funded plan through Wellmark of single \$4,000/\$8,000 and family \$8,000/\$16,000. Payments to Wellmark are made for its premium and deposits into the Internal Service Fund are made monthly for the self-funded portion. The self-fund plan (Internal Service Fund) deposits and the independent administrator funds/pays for the claim exposure between the two or \$2,500 for single and \$5,000 for family. After the total exposure has been maximized, the fully-funded carrier pays 100%. The District estimates that 25% of those covered will reach full maximum exposure.

At June 30, 2025, the District had accumulated an excess of \$53,020 in its Internal Service Fund to cover employee health care claims. Also, the District continues to fund this plan by depositing premiums into the account on a monthly basis. The District's deposits into this fund have exceeded claims paid from the fund during the years ended June 30, 2022, 2023 and 2024. All submitted claims had been paid or accrued at June 30, 2025. The District does not expect claims to exceed monies available in the fund during the year ending June 30, 2025. The District is contingently liable for any claims in excess of funds available at June 30, 2025.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR) which represent estimates of the eventual loss on claims arising prior to year-end. Claims liabilities are reported in the financial statements in other current liabilities. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	Year Ended June 30,	
	2025	2024
Unpaid claims, beginning of year	$ -	$ -
Current year claims and changes in estimates	138,848	111,536
Claim payments	(138,848)	(111,536)
Unpaid claims, end of year	$ -	$ -

Note 15. Tax Abatements

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

Tax Abatements of Other Entities

There was no property tax revenue of the district reduced by agreements entered into by other entities for the year ended June 30, 2025.

Note 16. Change in Area Education Agency Funding

The Governor signed House File 2612 on March 27, 2025, which changes the percentage of educational and media services funding generated through local property taxes by districts which flow through to each Area Educations 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.

Note 17. Pending Litigation

The District is involved in a case of pending litigation. The matter is being vigorously defended by the District. The matter is at the Iowa Supreme Court, which is expected to rule sometime during 2026. It is difficult to estimate the outcome of the litigation and potential damages, if any. Therefore, no liability for potential damages has been recorded.

Note 18. Restatement

During the year ended June 30, 2025 the District implemented GASB Statement No. 101, *Compensated Absences*, which required the District to restate net position as of June 30, 2024 as follows:

	Governmental Activities
Balances June 30, 2024, as previously reported	$ 12,887,585
Changes to implement GASB Statement No. 101	(161,295)
Balances June 30, 2024, as restated	$ 12,726,290

Note 19. Subsequent Events

The District has evaluated subsequent events through March 17, 2026 which is the date that the financial statements were available to be issued.

Required Supplementary Information

HIGHLAND COMMUNITY SCHOOL DISTRICT
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
All Governmental Funds and Enterprise Funds
Required Supplementary Information
For the Year Ended June 30, 2025

	Governmental Funds Actual	Enterprise Funds Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Revenues						
Local sources	$ 6,051,421	$ 164,501	$ 6,215,922	$ 6,215,498	$ 6,215,498	$ 424
State sources	5,000,971	1,604	5,002,575	4,730,704	4,730,704	271,871
Federal sources	259,306	125,372	384,678	350,000	350,000	34,678
Total revenues	11,311,698	291,477	11,603,175	11,296,202	11,296,202	306,973
Expenditures/Expenses						
Current						
Instruction	5,965,738	-	5,965,738	6,150,250	6,150,250	184,512
Support services	3,032,782	-	3,032,782	3,260,000	3,260,000	227,218
Non-instructional programs	-	403,071	403,071	420,000	420,000	16,929
Other expenditures	933,614	-	933,614	1,066,343	1,450,000	516,386
Total expenditures/expenses	9,932,134	403,071	10,335,205	10,896,593	11,280,250	945,045
Excess (deficiency) of revenues over/(under) expenditures/expenses	1,379,564	(111,594)	1,267,970	399,609	15,952	1,252,018
Net other financing sources	(2,122)	2,122	-	-	-	-
Change in fund balance	1,377,442	(109,472)	1,267,970	399,609	15,952	1,252,018
Balance, beginning of year	6,499,527	163,703	6,663,230	6,793,834	6,793,834	(130,604)
Balance, end of year	$ 7,876,969	$ 54,231	$ 7,931,200	$ 7,193,443	$ 6,809,786	$ 1,121,414

See accompanying Independent Auditor's Report.

HIGHLAND COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the 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 Internal Service Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures / expenses 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. The District amended its budget one time during the year ended June 30, 2025, increasing expenditures by $383,657.

HIGHLAND COMMUNITY SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
For the Last Ten Years*
Required Supplementary Information

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.045424%	0.046653%	0.050827%	0.052109%	0.055054%	0.055946%	0.058432%	0.060492%	0.064858%	0.066562%
District's proportionate share of the net pension liability	$1,677,431	$2,152,666	$2,017,383	$ 73,052	$3,840,410	$3,261,405	$3,696,563	$3,993,513	$4,044,686	$3,309,069
District's covered payroll	$4,250,554	$4,188,334	$4,300,533	$4,229,281	$4,338,705	$4,286,281	$4,390,336	$4,471,644	$4,612,209	$4,588,645
District's proportionate share of the net pension liability as a percentage of its covered payroll	39.46%	51.40%	46.91%	1.73%	88.52%	76.09%	84.20%	89.31%	87.70%	72.11%
IPERS' net position as a percentage of the total pension liability	92.30%	90.13%	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%

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

See accompanying Independent Auditor's Report.

HIGHLAND COMMUNITY SCHOOL DISTRICT
Schedule of District Contributions
Iowa Public Employees' Retirement System
For the Last Ten Years
Required Supplementary Information

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 433,189	$ 401,252	$ 395,379	$ 405,970	$ 399,244	$ 387,446	$ 382,765	$ 392,057	$ 399,318	$ 411,870
Contributions in relation to the statutorily required contribution	(433,189)	(401,252)	(395,379)	(405,970)	(399,244)	(387,446)	(382,765)	(392,057)	(399,318)	(411,870)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$4,588,864	$4,250,554	$4,188,334	$4,300,533	$4,229,281	$4,338,705	$4,286,281	$4,390,336	$4,471,644	$4,612,209
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%

See accompanying Independent Auditor's Report.

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%.

Highland Community School District
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios
For the Last Eight Years
Required Supplementary Information

	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 49,171	$ 39,456	$ 39,132	$ 59,545	$ 52,171	$ 195,985	$ 191,205	$ 172,149
Interest cost	32,663	25,924	25,816	16,658	20,212	40,687	32,282	30,658
Difference between expected and actual experiences	-	131,111	-	(60,153)	-	(667,134)	-	-
Changes in assumptions	(63,452)	40,287	(6,873)	(89,324)	27,839	(9,838)	60,633	(2,743)
Benefit payments	(98,472)	(92,257)	(80,528)	(68,056)	(61,889)	(55,858)	(15,600)	(15,600)
Net change in total OPEB liability	(80,090)	144,521	(22,453)	(141,330)	38,333	(496,158)	268,520	184,464
Total OPEB liability beginning of year	822,809	678,288	700,741	842,071	803,738	1,299,896	1,031,376	846,912
Total OPEB liability end of year	$ 742,719	$ 822,809	$ 678,288	$ 700,741	$ 842,071	$ 803,738	$ 1,299,896	$ 1,031,376
Covered-employee payroll	$ 4,585,250	$ 3,883,623	$ 4,145,028	$ 4,333,098	$ 4,189,467	$ 4,126,293	$ 4,163,191	$ 4,121,750
Total OPEB liability as a percentage of covered -employee payroll	16.20%	21.19%	16.36%	16.17%	20.10%	19.48%	31.22%	25.02%

See accompanying Independent Auditor's Report.

Highland Community School District
Notes to Required Supplementary Information – OPEB Liability
Year Ended June 30, 2025

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

The 2024 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2024:

- Changed mortality assumptions to the rates based on 2022 IPERS Demographic Assumptions Study.
- Changed inflation assumption rate to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

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	5.20%
Year ended June 30, 2024	3.97%
Year ended June 30, 2023	3.86%
Year ended June 30, 2022	3.69%
Year ended June 30, 2021	1.92%
Year ended June 30, 2020	2.45%
Year ended June 30, 2019	3.13%
Year ended June 30, 2018	3.62%
Year ended June 30, 2017	2.50%

Note: GASB Statement No. 75 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Supplementary Information

HIGHLAND COMMUNITY SCHOOL DISTRICT

Schedule 1

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue		Capital Projects	
	Student Activity	Management Levy	Physical Plant and Equipment Levy	Total
Assets				
Cash, cash equivalents and pooled investments	$192,092	$763,244	$1,305,180	$2,260,516
Receivables				
Property tax				
Delinquent	-	2,453	2,301	4,754
Succeeding year	-	209,999	507,472	717,471
Account receivable	8,242			8,242
Due from other funds	-	-	1,728	1,728
Total assets	$200,334	$975,696	$1,816,681	$2,992,711
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	$ 3,973	$ -	$ 2,114	$ 6,087
Deferred inflows of resources				
Unavailable revenue				
Succeeding year property tax	-	209,999	507,472	717,471
Fund balances				
Restricted for				
Student activities	196,361	-	-	196,361
Management levy purposes	-	765,697	-	765,697
Physical plant and equipment	-	-	1,307,095	1,307,095
Total fund balances	196,361	765,697	1,307,095	2,269,153
Total liabilities, deferred inflows of resources and fund balances	$200,334	$975,696	$1,816,681	$2,992,711

See accompanying Independent Auditor's Report.

HIGHLAND COMMUNITY SCHOOL DISTRICT

Schedule 2

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue		Capital Projects	
			Physical Plant and Equipment	
Revenues	Student Activity	Management Levy	Levy	Total
Local sources				
Local taxes	$ -	$ 525,952	$ 494,206	$1,020,158
Other	215,073	10	47,013	262,096
State sources	-	5,301	4,973	10,274
Federal sources	-	-	148,263	148,263
Total revenues	215,073	531,263	694,455	1,440,791
Expenditures				
Current				
Instruction				
Regular	159,750	-	-	159,750
Support services				
Administration	-	186,077	46,548	232,625
Operation and maintenance	284	230,672	14,258	245,214
Transportation	-	38,016	22,995	61,011
Total support services	284	454,765	83,801	538,850
Other expenditures				
Facilities acquisition	-	-	85,267	85,267
Total expenditures	160,034	454,765	169,068	783,867
Change in fund balances	55,039	76,498	525,387	656,924
Fund balances, beginning of year	141,322	689,199	781,708	1,612,229
Fund balances, end of year	$196,361	$ 765,697	$1,307,095	$2,269,153

See accompanying Independent Auditor's Report.

HIGHLAND COMMUNITY SCHOOL DISTRICT

Schedule 3

Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2025

	School Nutrition	Preschool	Total
Assets			
Current assets			
Cash and cash equivalents	$ 18,399	$ -	$ 18,399
Accounts receivable	1,163	-	1,163
Due from other fund	1,937	-	1,937
Inventories	7,457	-	7,457
Total current assets	28,956	-	28,956
Noncurrent assets			
Capital assets, net of accumulated depreciation	116,095	-	116,095
Total assets	145,051	-	145,051
Deferred Outflows of Resources			
Pension related deferred outflows	18,010	-	18,010
Liabilities			
Current liabilities			
Salaries and benefits payable	27,084	-	27,084
Unearned revenue	8,548	-	8,548
Due to other fund	-	13,944	13,944
Total current liabilities	35,632	13,944	49,576
Noncurrent liabilities			
Net pension liability	44,415	-	44,415
Total liabilities	80,047	13,944	93,991
Deferred Inflows of Resources			
Pension related deferred inflows	14,839	-	14,839
Net Position			
Investment in capital assets	116,095	-	116,095
Unrestricted	(47,920)	(13,944)	(61,864)
Total net position	$ 68,175	$ (13,944)	$ 54,231

See accompanying Independent Auditor's Report.

HIGHLAND COMMUNITY SCHOOL DISTRICT

Schedule 4

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Enterprise Funds

For the Year Ended June 30, 2025

	School Nutrition	Preschool	Total
Operating revenue			
Local sources			
Charges for service	$ 164,501	$ -	$ 164,501
Operating expenses			
Non-instructional programs			
Salaries	148,555	-	148,555
Benefits	28,706	-	28,706
Purchased services	669	-	669
Supplies	192,496	-	192,496
Equipment repairs and maintenance	-	-	-
Depreciation	32,645	-	32,645
	403,071	-	403,071
Total operating expenses	403,071	-	403,071
Operating (loss)	(238,570)	-	(238,570)
Non-operating revenue			
State sources	1,604	-	1,604
Federal sources	125,372	-	125,372
Total non-operating revenue	126,976	-	126,976
Net (loss) before transfers	(111,594)	-	(111,594)
Transfers in	2,122	-	2,122
Change in net position	(109,472)	-	(109,472)
Net position beginning of year	177,647	(13,944)	163,703
Net position end of year	$ 68,175	$ (13,944)	$ 54,231

See accompanying Independent Auditor's Report.

HIGHLAND COMMUNITY SCHOOL DISTRICT

Schedule 5

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025

	School Nutrition	Preschool	Total
Cash flows from operating activities			
Cash received from sale of services	$ 163,144	$ -	$ 163,144
Cash payments to employees for services	(188,582)	-	(188,582)
Cash payments to suppliers for goods and services	(159,325)	-	(159,325)
Net cash (used in) operating activities	(184,763)	-	(184,763)
Cash flows from non-capital financing activities			
Interfund transfer	2,122	-	2,122
State grants received	1,604	-	1,604
Federal grants received	86,303	-	86,303
Net cash provided by non-capital financing activities	90,029	-	90,029
Cash flows from capital and related financing activities			
Acquisition of capital assets	(2,831)	-	(2,831)
Cash flows from investing activities	-	-	-
Net (decrease) in cash and cash equivalents	(97,565)	-	(97,565)
Cash and cash equivalents, beginning of year	115,964	-	115,964
Cash and cash equivalents, end of year	$ 18,399	$ -	$ 18,399
Reconciliation of operating (loss) to net cash (used in) operating activities			
Operating (loss)	$ (238,570)	$ -	$ (238,570)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities			
Depreciation	32,645	-	32,645
Commodities used	39,069	-	39,069
Change in assets and liabilities			
Accounts receivable	(1,163)	-	(1,163)
Due from other fund	(1,937)	-	(1,937)
Inventories	(5,229)	-	(5,229)
Deferred outflows of resources	4,940	-	4,940
Salaries and benefits payable	3,858	-	3,858
Unearned revenue	(194)	-	(194)
Net pension liability	(14,585)	-	(14,585)
Deferred inflows of resources	(3,597)	-	(3,597)
Net cash (used in) operating activities	$ (184,763)	$ -	$ (184,763)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2025, the District received $39,069 of federal commodities.

See accompanying Independent Auditor's Report.

HIGHLAND COMMUNITY SCHOOL DISTRICT

Schedule 6

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

For the Year Ended June 30, 2025

Account	Balance, Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance, End of Year
Vocal	$ 1,272	$ 2,933	$ 740	$ -	$ 3,465
Instrumental	558	572	256	-	874
Co-ed athletics	6,514	26,197	3,553	(4,680)	24,478
Track	9,604	9,166	9,340	-	9,430
Cross country	419	1,941	754	1,500	3,106
Boys' basketball	1,235	9,743	7,728	-	3,250
Boys' football	(8,645)	13,545	4,812	-	88
Coed soccer	4,146	4,507	3,583	-	5,070
Boys' baseball	3,996	16,588	11,734	-	8,850
Boys' wrestling	11,828	10,279	12,742	-	9,365
Girls' basketball	5,268	15,035	10,302	-	10,001
Girls' volleyball	12,617	8,644	6,587	-	14,674
Girls' softball	8,276	10,922	7,117	-	12,081
Golf	361	1,049	1,424	1,500	1,486
Pop & concessions	4,082	895	1,093	-	3,884
Principal's account	464	1,556	1,598	-	422
Student fundraising	2,360	-	-	-	2,360
Special activity account	944	-	-	443	1,387
Class of 2025	189	460	206	(443)	-
Class of 2026	500	4,229	4,103	-	626
Annual	1,789	1,370	4,837	1,680	2
Cheerleaders	195	-	-	-	195
Drill team	157	4,323	4,211	-	269
National Honor Society	2,514	1,415	1,682	-	2,247
FBLA activity account	388	1,788	1,764	-	412
Sr high student council	369	4,058	3,038	-	1,389
Jr high student council	3,106	489	188	-	3,407
Elementary student council	400	-	-	-	400
Speech	159	500	385	-	274
Art club	817	-	-	-	817
Drama club	1,720	840	1,185	-	1,375
Spanish club	237	-	-	-	237
Shooting sports club	31,713	26,838	21,245	-	37,306
Elementary fund	15,999	1,456	3,454	-	14,001
HS wellness club	4,683	383	2,911	-	2,155
Middle school fund	1,434	112	1,054	-	492
Robotics club	1,263	2,171	2,242	-	1,192
Highland help fund	-	5,000	669	-	4,331
FFA	8,391	26,069	23,497	-	10,963
Totals	$ 141,322	$ 215,073	$ 160,034	$ -	$ 196,361

See accompanying Independent Auditor's Report.

Schedule 7

HIGHLAND COMMUNITY SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

Modified Accrual Basis

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Local sources										
Local tax	$ 4,924,034	$ 4,639,271	$ 4,582,398	$ 4,451,408	$ 4,363,468	$ 4,570,419	$ 4,390,249	$ 4,538,478	$ 4,610,069	$ 4,561,078
Tuition	501,977	501,860	555,806	504,543	522,624	576,483	554,098	612,868	736,190	895,406
Other	625,410	717,664	593,409	365,240	294,177	488,213	399,920	510,432	353,314	375,303
State sources	5,000,971	4,627,973	4,607,725	4,579,513	4,563,326	4,605,086	4,357,915	4,360,702	4,319,094	4,315,089
Federal sources	259,306	167,302	345,493	417,046	558,849	141,821	134,551	125,882	182,204	180,587
Total revenues	$11,311,698	$10,654,070	$10,684,831	$10,317,750	$10,302,444	$10,382,022	$ 9,836,733	$10,148,362	$10,200,871	$10,327,463
Expenditures										
Current										
Instruction										
Regular	$ 3,949,002	$ 3,334,185	$ 3,437,643	$ 3,376,484	$ 3,449,781	$ 3,291,501	$ 3,228,685	$ 3,397,950	$ 3,280,911	$ 3,317,945
Special	1,125,500	1,196,190	1,104,588	1,199,999	1,220,798	986,829	1,296,076	1,237,692	942,968	1,274,201
Other	891,236	1,072,292	995,853	1,059,723	1,008,546	1,511,754	1,096,559	1,067,163	1,468,154	1,038,240
Support services										
Student	189,013	184,141	175,649	220,431	187,170	129,460	152,269	175,440	162,619	154,273
Instructional staff	390,254	329,950	422,955	420,927	439,381	323,943	324,907	395,970	353,750	254,521
Administration	1,286,226	1,320,960	1,197,075	1,201,029	1,081,214	972,975	1,019,467	990,607	1,104,826	1,238,045
Operation and maintenance of plant	838,187	1,003,699	731,717	653,195	655,248	709,337	692,886	737,503	695,127	717,372
Transportation	329,102	464,712	473,017	312,856	256,439	320,254	394,453	471,850	379,029	465,870
Non-instructional programs	-	-	-	36	-	-	-	-	-	2,781
Other expenditures										
Facilities acquisition	144,009	720,530	1,381,875	291,571	1,588,576	1,936,711	213,479	366,237	279,477	432,650
Long-term debt										
Principal	474,000	615,000	285,000	720,000	719,000	318,000	316,000	2,939,000	260,000	950,000
Interest and other charges	77,532	87,979	94,314	110,735	162,625	121,090	63,022	365,918	151,722	167,809
AEA flowthrough	238,073	276,573	281,107	283,503	283,288	281,586	272,202	272,281	262,573	269,355
Total expenditures	$ 9,932,134	$10,606,211	$10,580,793	$ 9,850,489	$11,052,066	$10,903,440	$ 9,070,005	$12,417,611	$ 9,341,156	$10,283,062

See accompanying Independent Auditor's Report.

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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 Highland Community School District:

I 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 Highland 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 my report thereon dated March 17, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Highland 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Highland Community School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Highland 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.

My 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. I identified a certain deficiency in internal control, described in Part I of the accompanying Schedule of Findings as item A that I consider to be a material weakness.

Report on Compliance and Other Matters

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

Highland Community School District's Responses to the Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Highland Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

Kay Chapman

Kay L. Chapman, CPA PC
March 17, 2026

Part I. Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCY

MATERIAL WEAKNESS

A. 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 - I noted that one individual has control over one or more of the following areas for the District:

1) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
2) School nutrition food inventories - ordering, receiving, issuing and storing.
3) Disbursements - preparation, signing, and recording of checks.
4) Wire transfers - processing and approving.
5) Payroll - reviews, calculates and inputs payroll.
6) Financial reporting - preparing, reconciling and approving financial reports.
7) Journal entries - writing, posting and approving.

Cause - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability. This is not an unusual condition but it is important the District officials are aware that the condition exists.

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 - I 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.

Response and Corrective Action Planned - We will review our procedures and implement changes to improve internal control, such as bank deposit slips being prepared by the business manager and then taken to the bank by the admin associate, all month end records including bank reconciliations are reviewed by the dean of students, ACH/wire transfers are verified and approved through the bank by the Highland School Board President prior to happening, hourly payroll and leave is prepared by admin associate and then final reviewed by the business manager before being finalized. We continue to review procedures with the tentative plan being that during the summer, once completing a year of learning the job, to find more solutions to better segregate duties.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

Part II. Other Findings Related to Required Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2025 did not exceed the amounts budgeted.

2. Questionable Expenditures - I noted no expenditures not meeting the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

3. 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.

4. Business Transactions - No business transactions between the District and District officials or employees were noted.

5. 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.

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

7. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.

8. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

9. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

10. Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

11. Certified Annual Reports - The Certified Annual Report was certified timely to the Department of Education.

12. Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

13. Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance		$ 800,686
Revenues		
Statewide sales and services tax revenue	$ 779,330	
Interest	43,640	
Other revenue	4,506	827,476
Expenditures/transfers out		
School infrastructure		
Equipment and vehicles	$ 58,742	
Other improvements	68,910	
Transfers to other funds		
Debt service fund	267,632	395,284
Ending balance		$ 1,232,878

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

14. Financial Condition - The District had a $645,943 negative unrestricted net position in the governmental activities, a $61,864 negative unrestricted net position in the business type activities and $707,807 negative unrestricted net position in total activities at June 30, 2025. In addition, the Enterprise Fund-Preschool Fund had unrestricted and total net position deficits of $13,944 , the Enterprise Fund-School Nutrition Fund had an unrestricted net position deficit of $47,920 and total enterprise funds had an unrestricted net position deficit of $61,864 at June 30, 2025.

    Recommendation - The District should continue to monitor these funds and investigate alternatives to eliminate these deficits.

    Response - These negative balances were the result of implementing GASB 68 and recognizing pension related deferred outflows of resources, liabilities, deferred inflows of resources and expenses. We will review the situation and implement changes, as needed.

    Conclusion - Response accepted.

HIGHLAND COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2025

This audit was performed by

Kay Chapman, CPA
Terri Slater, staff accountant

APPENDIX E – FORM OF ISSUE PRICE CERTIFICATES

EXHIBIT A
HIGHLAND COMMUNITY SCHOOL DISTRICT, IOWA
$15,000,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2026

ISSUE PRICE CERTIFICATE

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

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. Initial Offering Price of the Hold-the-Offering-Price Maturities.

a. Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

b. As set forth in the Terms of Offering, 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.

General Rule Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

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 (August 31, 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 Highland 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 August 24, 2026.

h. Underwriter means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and the Borrower 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 and the Borrower from time to time relating to the Bonds.

[UNDERWRITER]

By:__________________________________
Name:________________________________

Dated: September 24, 2026

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

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION

EXHIBIT A
HIGHLAND COMMUNITY SCHOOL DISTRICT, IOWA
$15,000,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2026

ISSUE PRICE CERTIFICATE

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

1. Reasonably Expected Initial Offering Price.

   a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Purchaser to purchase the Bonds.

   b) Purchaser was not given the opportunity to review other bids prior to submitting its bid.

   c) The bid submitted by Purchaser constituted a firm offer to purchase the Bonds.

2. Defined Terms.

   d) Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

   e) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

   f) Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 24, 2026.

   g) Underwriter means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

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

[UNDERWRITER]

By:______________________________________
Name:____________________________________

Dated: September 24, 2026

SCHEDULE A

EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)