Dallas Center - Grimes Community School District

$13,800,000 *

Dallas Center-Grimes Community School District, Iowa
General Obligation School Bonds
Series 2015

(FAST Closing)
(Not Bank Qualified)
(Book Entry Only)
(Parity Bidding Available)
(Award will occur at a Board of Education meeting that begins at 7:00 am on June 22, 2015)

DATE:	Thursday, June 18, 2015
TIME:	10:00 am
PLACE:	Office of the Superintendent 1414 Walnut St., Suite 200 Dallas Center, IA 50063
Telephone:	(515)992-3866
Fax:	(515)992-3079

Moody's Rating "Aa2"

* Preliminary, subject to change

PiperJaffray®

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

OFFICIAL BID FORM

TO: Board of Directors of the Dallas Center-Grimes Community School District, Iowa (the "Issuer")

Re: $13,800,000* General Obligation School Bonds, Series 2015, 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 on June 1 in each of the stated years as follows:

Coupon	Yield	Due	Coupon	Yield	Due
_____	_____	2016	_____	_____	2031
_____	_____	2023	_____	_____	2032
_____	_____	2024	_____	_____	2033
_____	_____	2025	_____	_____	2034
_____	_____	2026	_____	_____	2035
_____	_____	2030			

_____ 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 _____	_____

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

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).

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 an 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.

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

NET INTEREST COST:$_____ TRUE INTEREST 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 Dallas Center-Grimes Community School District, in the Counties of Dallas and Polk, State of Iowa, this 22nd day of June, 2015.

ATTEST: _____ _____
District Secretary Board President

_____
* Preliminary, subject to change

NOTICE OF BOND SALE

Time and Place of Sale: Sealed bids or electronic bids for the sale of General Obligation School Bonds, Series 2015, of the Dallas Center-Grimes Community School District, in the Counties of Polk and Dallas, State of Iowa (the "Issuer"), will be received at the office of the Superintendent of the District until 10:00 A.M. on June 18, 2015. The bids will be publicly opened at that time and evaluated by the Superintendent, Board Secretary and Financial Advisor and referred for action at the meeting of the Board of Directors.

Sale and Award: The sale and award of the bonds will be held at the Board meeting scheduled at 7:00 A.M. on June 22, 2015.

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

GENERAL OBLGIATION SCHOOL BONDS, SERIES 2015, in the principal amount of not to exceed $13,800,000 to be dated July 15, 2015 (the "Bonds").

*The Issuer may increase or decrease each maturity, but the total amount to be issued will not exceed $13,800,000.

Manner of Bidding: Open bids will not be received. No bid will be received after the time specified above for receiving bids. Bids will be received by any of the following methods:

- Sealed Bidding: Sealed bids or electronic proposals may be submitted and will be received at the office of the Secretary of the Board of Directors, Dallas Center-Grimes Community School District, Dallas Center, Iowa.

- Electronic Bidding: Electronic bids via PARITY® will be received at the office of the Secretary of the Board of Directors, Dallas Center-Grimes Community School District, Dallas Center, Iowa. The bids must be submitted through PARITY®.

- Electronic Facsimile Bidding: Electronic facsimile bids will be received at the office of the Secretary of the Board of Directors, Dallas Center-Grimes Community School District, Dallas Center, Iowa, (515) 247-2352. Electronic facsimile bids will be sealed and treated as sealed bids.

Official Statement: The Issuer has issued an Official Statement of information pertaining to the Bonds to be offered, including a statement of the Terms of Offering and an Official Bid Form, which is incorporated by reference as a part of this notice. The Official Statement may be obtained by request addressed to the Secretary of the Board of Directors, Dallas Center-Grimes Community School District, 1414 Walnut Street, Suite 200, P.O. Box 512, Dallas Center, Iowa 50063, (515) 992-3866; or Timothy Oswald, Piper Jaffray & Co., 3900 Ingersoll, Suite 110, Des Moines, Iowa 50312, (515) 247-2358.

Terms of Offering: All bids must be in conformity with and the sale must be in accord with the Terms of Offering as set forth in the Official Statement.

Legal Opinion: Bonds will be sold subject to the opinion of Ahlers & Cooney, P.C., Attorneys of Des Moines, Iowa, as to the legality and their opinion will be furnished together with the printed bonds without cost to the purchaser and all bids will be so conditioned. Except to the extent necessary to issue their opinion as to the legality of the Bonds, the attorneys will not examine or review or express any opinion with respect to the accuracy or completeness of documents, materials or statements made or furnished in connection with the sale, issuance or marketing of the Bonds.

Rights Reserved: The right is reserved to reject any or all bids, and to waive any irregularities as deemed to be in the best interests of the public.

By order of the Board of Directors of the Dallas Center-Grimes Community School District in the Counties of Polk and Dallas, State of Iowa.

Secretary of the Board of Directors of the
Dallas Center-Grimes Community School District

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 2015**, in the principal amount of $13,800,000* 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.

Adjustment to Principal Amount After Determination of Best Bid Each scheduled maturity of the Bonds is subject to increase or decrease. Such adjustments shall be made promptly after the sale and prior to the award of bids by the issuer and shall be in the sole discretion of the Issuer. To cooperate with any adjustment in the principal amounts, the Successful Bidder is required, as a part of its bid, to indicate its Initial Reoffering yield and Initial Reoffering price on each maturity of the Bonds (said price shall be calculated to the date as indicated by the Issuer).

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

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

Optional Redemption: The Bonds maturing after June 1, 2021, 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, 2016, 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 $138,000* for the Bonds, payable to the order of the Issuer, is required for each bid to be considered. If a check is used, it must accompany each bid. If a wire is to be used, it must be received by the Issuer not later than two hours after the time stated for receipt of bids. The Financial 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.

* 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 98.5% of par, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth herein. Bids must be submitted on or in substantial compliance with the Official Bid Form provided by the Issuer or through the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bid, facsimile facilities or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be received after the time specified 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.

Sealed Bidding: Sealed bids may be submitted and will be received at the office of the Superintendent, Dallas Center-Grimes Community School District, 1414 Walnut St., Suite 200, Dallas Center, Iowa 50063.

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

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

Electronic Facsimile Bidding: Bids may be submitted via facsimile at the phone number listed on the front cover of this Preliminary Official Statement. Electronic facsimile bids will be sealed and treated as sealed bids. Transmissions received after the deadline shall be rejected. It is the responsibility of the bidder to ensure that the bid is legible, that the bid is received prior to the appointed time, and that the bid is sent to the telecopier number set forth above. The Financial Advisor will, in no instance correct, alter, or in any way change bids submitted through facsimile transmission. Neither the Issuer nor its agents will be responsible for bids submitted by facsimile transmission not received in accordance with the provisions of this Official Terms of Offering. Bidders electing to submit bids via facsimile transmission will bear full and complete responsibility for the transmission of such bid. Neither the Issuer nor its agents will assume liability for the inability of the bidder to reach the above name fax number prior to the time of sale specified above. Time of receipt shall be the time recorded by the facsimile operator.

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%.

Rates must be in level or ascending order.

No interest rate may exceed 4%.

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.)

Certificate of Purchaser: The Purchaser will be required to certify to the Issuer immediately after the opening of bids: (i) the initial public offering price of each maturity of the Bonds (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds (not less than 10% of each maturity) were sold to the public; or (ii) if less than 10% of any maturity has been sold, the price for that maturity determined as of the time of the sale based upon the reasonably expected initial offering price to the public; and (iii) that the initial public offering price does not exceed their fair market value of the Bonds on the sale date. The Purchaser will also be required to provide a certificate satisfactory to the Issuer and Bond Counsel at closing confirming the information required by this paragraph.

Official Statement: The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the Issuer, shall constitute a "Final Official Statement" of the Issuer with respect to the Bonds, as that term is defined in 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 electronic copy of the Official Statement and the addendum described in the preceding sentence to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The Issuer shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the Issuer, (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

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

Responsibility of Bidder: It is the responsibility of the bidder to deliver its signed, completed bid prior to the time of sale as posted on the front cover of the official statement. Neither the Issuer nor its Financial 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 MAY 19, 2015

NEW ISSUE - DTC BOOK ENTRY ONLY Moody's Rating: "Aa2"

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

Dallas Center - Grimes Community School District

$13,800,000 *
Dallas Center-Grimes Community School District, Iowa
General Obligation School Bonds
Series 2015

Dated: Date of Delivery

The General Obligation School Bonds, Series 2015 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 Bankers Trust Company as Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds.

Interest on the Bonds is payable on June 1, and December 1 in each year, beginning June 1, 2016 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, 2021 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, 2016	$125,000			234554 GR8	June 1, 2031	$1,895,000			234554 GX5
June 1, 2023	15,000			234554 GS6	June 1, 2032	1,920,000			234554 GY3
June 1, 2024	1,280,000			234554 GT4	June 1, 2033	1,950,000			234554 GZ0
June 1, 2025	265,000			234554 GU1	June 1, 2034	1,975,000			234554 HA4
June 1, 2026	500,000			234554 GV9	June 1, 2035	2,005,000			234554 HB2
June 1, 2030	1,870,000			234554 GW7					

$_____ _____% 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. It is expected that the Bonds in the definitive form will be available for delivery through the facilities of DTC on or about July 8, 2015. 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 _____, 2015

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

TABLE OF CONTENTS

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

OFFICIAL STATEMENT
DALLAS CENTER-GRIMES COMMUNITY SCHOOL DISTRICT, IOWA
$13,800,000* GENERAL OBLIGATION SCHOOL BONDS, SERIES 2015

INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the Dallas Center-Grimes Community School District, Iowa (the "Issuer"), in connection with the sale of the Issuer's General Obligation School Bonds, Series 2015 (the "Bonds"). The Bonds are being issued to provide funds to construct a new elementary facility, acquire and improve the site as well as to pay issuance costs. 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, 2016, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

Authorization for the Issuance

The Bonds are being issued pursuant to the Code of Iowa, 2013, as amended, Chapter 296.

Book Entry Only System

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

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

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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 Participations include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC").

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to taken certain steps to augment transmission to them notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit have agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial owners may wish to provide their names and addresses to the registrar and request that copies of the notices by 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, 2021, 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 and _____ in each of the years _____ through _____ at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the redemption date in the following principal amounts:

____ 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

These Bonds are general obligations of the Issuer. The Bonds are payable from general ad valorem property taxes, without limitation of amount, levied against all taxable property of that portion of the District.

BONDHOLDERS' RISKS

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.

Ratings Loss

Moody's Investor Service (Moody's) has assigned a rating of "Aa2" to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P's, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

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

Forward-Looking Statements

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

Tax Matters, Bank Qualification and Loss of Tax Exemption

As discussed under the heading "Tax Matters" herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the

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"), 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 and represents that the reasonably anticipated amount of tax-exempt governmental or 501(c)(3) obligations which will be issued in calendar year 2015 will not exceed $10 million. However, the Issuer's failure to comply with the requirements of this Code Section 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.

DTC-Beneficial Owners

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

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

Other Factors

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

Pending Federal Tax Legislation

From time to time, legislative proposals are pending in Congress that would, 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. 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.

During the fiscal year ending June 30, 2014, the District experienced increased general fund expenses which exceeded general fund revenues, causing the District to use unreserved general fund cash balances to pay those expenses. The majority of the increased expenditures was due to their need to cover increasing on-time enrollment and special education expense deficits that could not be recovered by levying property taxes, as would normally be the case, because the District's solvency ratio was above the 20% level, at which such level the State of Iowa no longer allows cash reserve levying. The District is expecting a decrease in unreserved general fund cash balance for fiscal year ending June 30, 2015. Some of the increased expenses for fiscal years ending June 30, 2014 and 2015 were anticipated. In the past, the District has levied cash reserves to cover these deficits and anticipates levying for any future expenses when allowed to do so.

Summary

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

LITIGATION

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

ACCOUNTANT

The accrual-basis financial statements of the Issuer included as APPENDIX D to this Official Statement have been examined by Van Maanen, Sietstra, Meyer & Nikkel, 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

Proceeds of this issue will be used to provide for construction of a new elementary facility, as well as to pay issuance costs.

SOURCES AND USES OF FUNDS *

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

* Preliminary, subject to change

TAX EXEMPTION AND RELATED CONSIDERATIONS

Tax Exemption

Federal tax law contains a number of requirements and restrictions that apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and facilities financed with Bond proceeds, and certain other matters. The School 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 School's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, the interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), such interest is included in adjusted current earnings for the purpose of determining the alternative minimum tax imposed on such corporations.

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

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

NOT Qualified Tax Exemption Obligations

The Issuer will NOT designate the Bonds as qualified tax-exempt obligations under Section 265(b)(3) 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 bond premium on Premium Bonds for income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Other Tax Advice

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

Audits

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the School 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.

Some legislative proposals may carry retroactive effective dates, that, if enacted, could alter or amend the tax matters referred to in this section or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal or state tax legislation.

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 School described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel's opinion is not binding on the Service, nor does the rendering of the opinion guarantee the outcome of any legal dispute that may arise out of the transaction. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise.

Enforcement

There is no bond trustee or similar person to monitor or enforce the terms of the resolution for issuance of the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the School 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 School 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 School with respect to the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, to the exercise of judicial discretion in appropriate cases and to the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

Bond Counsel Review

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

FINANCIAL ADVISOR

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

CONTINUING DISCLOSURE

In order to permit the Underwriter in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (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 reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, and the events as to which notice is to be given, if material,

is summarized below under the caption "**APPENDIX C - Form of Continuing Disclosure Certificate**" herein for more information.

To the best of the Issuer's knowledge, the Issuer believes it has complied for the past five (5) years in all material respects, with its undertakings under the Rule.

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I have reviewed the information contained within the Official Statement of the Dallas Center-Grimes Community School District, State of Iowa, and to the best of our knowledge, information and belief said Official Statement does not contain any material misstatements of fact nor omissions of any material fact which is necessary to make the statements and information herein, in light of the circumstances under which they were made, not misleading regarding the issuance of $13,800,000* General Obligation School Bonds, Series 2015.

DALLAS CENTER-GRIMES COMMUNITY SCHOOL DISTRICT, STATE OF IOWA

/s/ Michelle Wearmouth
Board Secretary

* Preliminary, subject to change

APPENDIX A - INFORMATION ABOUT THE ISSUER

DALLAS CENTER-GRIMES COMMUNITY SCHOOL DISTRICT, IOWA

DISTRICT OFFICIALS

CHAIR	Douglas Rothfus
DIRECTORS	David Eilers Angela Glasgow Scott Brown Kathie Hicok Del Gustafson Ronnie Wiedman
SUPERINTENDENT	Scott Grimes
DISTRICT SECRETARY	Michelle Wearmouth
DISTRICT ATTORNEY	Ahlers & Cooney PC Des Moines, IA

CONSULTANTS

BOND COUNSEL	Ahlers & Cooney PC Des Moines, Iowa
FINANCIAL ADVISOR	Piper Jaffray & Co. Des Moines, Iowa
PAYING AGENT	Bankers Trust Co. Des Moines, Iowa

General Information

The Dallas Center-Grimes Community School District is located in central Iowa adjacent to the northwestern portion of the Des Moines metropolitan area. Included within the District's 53,120 acres are the cities of Dallas Center, Grimes and a portion of the City of Urbandale. Suburbs of the Des Moines metropolitan area are experiencing population growth. Continuing rapid growth within the community of Grimes has prompted the construction of new District facilities.

Transportation facilities are provided by U.S. Interstate 35 & 80, Iowa Highways 141 & 44, Highway 169, the Chicago Northwestern Railway, as well as numerous paved county roads. Commercial airline service is available at the Des Moines International Airport. Residential development has been greatly enhanced by the continued growth of the northwestern portion of the metropolitan area.

Major employers located within the District include: Ryko Manufacturing; Hy-Line Indian River Company, Grimes Asphalt; Squealer Feeds; and Farmers Co-op Company.

Continuing education centers within commuting distance include: Drake University, Des Moines; Grand View College, Des Moines; University of Osteopathic Medicine, Des Moines; Iowa State University of Science and Technology, Ames; Simpson College, Indianola; and Area XI Des Moines Area Community College, Ankeny.

District Facilities

Facility	Construction Dates
High School	2000
Middle School	2003
8-9 Building	2011
Auditorium	2005
Dallas Center Building	1955, 1987, 2006
Dallas Center Elementary	2000
Grimes Elementary	1987-1989
North Ridge Elementary	2008, 2014

Source: Dallas Center-Grimes CSD

Enrollment

Total enrollment in the District in October (for the period indicated) has been as follows:

Count Date	Fiscal Year	Enrollment
October-14	2015-16	2,351.5
October-13	2014-15	2,247.1
October-12	2013-14	2,139.8
October-11	2012-13	1,981.3
October-10	2011-12	1,947.2
October-09	2010-11	1,891.9

Source: Iowa Department of Education

Open Enrollment

The District has and may have in the future certain students enrolling into and enrolling out of the District. Presented below are open enrollment results for the period outlined:

Fiscal Year	Enrolled In	Enrolled Out	Net
2015-16	318.5	86.6	231.9
2014-15	322.6	67.0	255.6
2013-14	289.7	57.0	232.7
2012-13	321.6	62.3	259.3
2011-12	253.6	53.6	200.0
2010-11	224.2	55.8	168.4

Source: Iowa Department of Education

Staff

Presented below is a list of the District's 325.20 FTE employees.

Administrators:	14.0	Media Specialists	3.3
Teachers	190.0	Nurses	4.0
Teacher Aides:	58.5	Transportation:	10.0
Custodians:	18.0	Secretaries:	15.0
Food Service:	0	Guidance:	5.0
Other	4.4	Maintenance:	3.0

Source: Dallas Center-Grimes CSD

District Funds

The District is organized and operates pursuant to Chapter 274 of the Code. The District maintains various funds. Presented below is a description of a few of those funds.

The General Fund

The General Fund receives those revenues of the District not specifically required to be deposited in other funds. General fund revenues are obtained from ad-valorem taxation in the District, State foundation aid payments and minimal federal sources. In addition, revenues generated as miscellaneous revenues including, but not limited to, general fund investment income, tuition income and revenues from ticket sales are deposited in the general fund. The bulk of the general fund revenues are derived from local and State foundation aid sources.

The District receives a mix of property tax and State foundation aid based on a formula which takes into account District enrollment, District property valuations and District costs per pupil. The description of the formula is found in Chapter 257.1 of the Code and reads as follows:

> "For a budget year, each school district in the State is entitled to receive foundation aid in an amount per pupil equal to the difference between the amount per pupil of foundation property tax in the district, and the combined district cost per pupil, whichever is less."

The Code allows for an "Allowable growth," defined as ". . . the amount by which State cost per pupil and district cost per pupil will increase from one budget year to the next" which is calculated on or before September 15 of each year by the department of management of the State.

Presented below is the allowable growth the District has received (in total dollars) for the periods indicated:

Fiscal Year	Allowable Growth
2014-15	$950,547
2013-14	1,458,710
2012-13	440,404
2011-12	325,330
2010-11	524,426

Source: Dallas Center-Grimes CSD and Iowa Department of Education

Shown below are the District's historic per pupil cost.

Fiscal Year	District Per Pupil Cost	Statewide Per Pupil Cost
2014-15	$6,366	$6,366
2013-14	6,121	6,121
2012-13	6,001	6,001
2011-12	5,883	5,883
2010-11	5,883	5,883

Source: Dallas Center-Grimes CSD and Iowa Department of Education

The District has generated a revenue mix in the operating fund as follows:

Fiscal Year	Property Taxes	State Aid Revenue
2014-15	$7,383,039	$12,615,594
2013-14	7,077,000	11,394,763
2012-13	6,613,287	10,217,595
2011-12	7,163,926	9,551,705
2010-11	7,513,166	8,393,734
2009-10	6,862,132	8,588,722

Source: Dallas Center-Grimes CSD and Iowa Department of Education

Management's Response to Current Budgetary Conditions

The Issuer's June 30, 2014 unassigned fund balance declined from $5,043,415 in FY13 to $4,827,092 in FY14. The decline is based upon the fact that the District is budgeting 100 percent of current year spending authority as granted by the funding formula, but utilizing cash balance as part of the revenue source because the fund balance is above the 20% previous year expenditure limit established for cash reserve levy taxation, and above the District's targeted fund balance level of 10% to 15% of previous year expenditures. This decline in fund balance has been well communicated in advance to the public and the board of directors.

Additional General Fund State and Local Revenues

Instructional Support:
Districts are allowed to fund additional educational programs or enhanced current programs under the instructional support program, which allows a district to generate 10% of the total regular program district cost for the budget year. These revenues can be locally generated from either ad valorem taxation, income surtax or both. In addition, revenues are appropriated by the State and provided to each district depending on formula. The District can participate in the instructional support program by generating local revenues after either (i) scheduling and holding an election on the proposed funding, programs, and mix of funding, which requires 50% approval of those voting at a special district election and allows the program to be funded for a period of ten years; or (ii) after scheduling and holding two hearings on the programs and mix of funding, which can then be implemented after a 28-day period during which voters of the District can force an election, for a period of five years. Presented below is what the district receives in this program:

Fiscal Year	Property Tax	State Aid	Income Surtax
2014-15	$1,054,568	$0	$0
2013-14	977,221	0	0
2012-13	903,247	0	0
2011-12	899,820	0	0
2010-11	885,507	25,409	0

Source: Dallas Center-Grimes CSD and Iowa Department of Education

Management Levy:
A District can levy for certain costs relating to payment of employee benefits, tort insurance and early retirement outside of the General Operating Levy. These revenues are generated through a property tax, and there is no limitation on the tax rate or amount. Presented below are the management fund levies for the periods indicated:

Fiscal Year	Management Levy
2014-15	$534,998
2013-14	599,999
2012-13	575,000
2011-12	499,998
2010-11	636,999

Source: Dallas Center-Grimes CSD and Iowa Department of Education

Cash Reserve Levy

The District can certify as a part of its general fund levy, (in addition to the property tax levied as a part of each of the general fund levies) an amount for creating a cash reserve. This levy covers cash-flow needs and funds programs when the above revenue sources are reduced. This is levied annually at the discretion of the Board of Directors. The District has levied the following in cash reserve for the periods indicated:

Fiscal Year	Regular Cash Reserve	Cash Reserve-SBRC
2014-15	$0	$0
2013-14	0	0
2012-13	0	0
2011-12	100,000	334,389
2010-11	442,000	496,859

Source: Dallas Center-Grimes CSD and Iowa Department of Education

The School Infrastructure Fund

Physical Plant & Equipment Levies

The District can, at Board discretion, annually levy an ad valorem tax of $.33 per $1,000 of assessed valuation for certain capital, land costs etc. In addition, upon voter approval, the District can institute a property tax or property tax income surtax that generates $1.34 per $1,000 of assessed valuation. The District has historically levied the Board discretionary and a voter authorized Physical Plant and Equipment Levy.

Debt Service Levy

The debt service levy is an ad valorem tax levied for the payment of bonds and interest and is approved at a special election of the District with minimum of 60% in favor of the proposal. On April 7, 2015, the voters of the District approved the issuance of the Bonds. Payment of principal and interest on the Bonds will be paid from the debt-service levy.

Capital Projects Fund

This fund is used to account for the revenues received from the state-wide school infrastructure sales, services and use tax.

Historic and Potential State and Federal Actions that impact current and future District Budgets

The District's operating budget is subject to change based on events outside of its control, including State and Federal funding. There may be changes in funding that are unknown or unanticipated at this time. Presented below is a discussion of some of the known changes that might impact the District's operating budget:

DE Appropriation of State Funding *

After the appropriation of State Aid (and after the adoption of the District's budget for a particular fiscal year), the Governor and the General Assembly have the ability to rescind all or a portion of the appropriation. Certain areas of the State's budget are exempt from these potential cuts, however, K-12 and community college funding are not exempt from rescission. Historically, rescissions were imposed in an "across-the-board" fashion, and all state funding was reduced in a percentage format. This had the potential to impact schools with low valuation per pupil much greater than schools with high per pupil valuations. In the 2002 General Assembly, the formula for rescission was altered for K-12 funding, such that all future rescissions, if any, would be applied to K-12 education on a "per-pupil" basis.

Historically, the Governor has rescinded state aid since 1980, presented below are the most recent cuts and fiscal years affected:

Fiscal Year	Percentage Rescission
2010	10.0%
2009	1.5
2004	2.5
2002	4.3

* A reduction in State Aid impacts on the general operating fund account of a district. The revenues pledged for the repayment of these Bonds are not impacted in any way by reductions in State Aid.

Source: Iowa Department of Management; Historic Funding and school aid files; aid and levy worksheets

Federal Funding

Federal legislation with respect to student achievement in future years may result in sanctions that could have financial implications for the general fund operating budget. The "No Child Left Behind" act of 2001 applies sanctions to under-performing schools that, if the school remains under-performing (as defined by the act) allows the parents of pupils in the school to move to another school, transferring their funding to the new school. This act applies to individual school facilities and does not necessarily apply to school districts, however,

the revenue impact to a school district could be material if the school district has a school facility that under-performs and starts to lose enrollment.

GASB 45

In June 2004, the Governmental Accounting Standards Board ("GASB") issued GASB 45, which address how state and local governments are required to account for and report their costs and obligations related to other post employment benefits ("OPEB"), defined to include post retirement healthcare benefits. GASB 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension establishes financial reporting standards designed to measure, recognize and display OPEB costs. OPEB costs would become measurable on an accrual basis of accounting, and contribution rates (actuarially determined) would be prescribed for funding such costs. The provisions of GASB 45 do not require governments to fund their OPEBs. The Issuer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however the unfunded actuarial liability is required to be amortized over future periods. In accordance with the requirements of GASB 45, the Issuer's financial statements must comply with these provisions no later than the fiscal year ending June 30, 2010.

Consistent with Iowa Code section 509A.13, the Issuer offers post-retirement health and dental benefits are available to all fulltime employees of the Issuer who retire before attaining age 65. The group health insurance plan provided to full time Issuer employees allows retirees to continue medical coverage until they reach age 65. Although retirees pay 100% of the "cost of coverage", the pre-age 65 group of retirees is grouped with the active employees when determining the cost of coverage. The computation creates an implicit rate subsidy that would not exist if the cost of the coverage for this group (pre-age 65 retirees) was computed separately and paid 100% by that group.

In addition, the Issuer offers an early retirement incentive program which provides a subsidy to offset the cost of medical and dental health insurance premiums to eligible retirees. The explicit subsidy is equal to the medical and dental single premium amount at the date of retirement. The Issuer will pay $40 per month of any increase in insurance premiums each year from the base premium at retirement. Coverage terminates upon Medicare eligibility. As of December 31, 2009 the Issuer terminated the program, therefore no future retirees are eligible to participate in the program. However, the Issuer reserved the right to offer an early retirement incentive program in the future, in the Issuer's discretion.

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 310 active and 24 retired members in the plan. Employees must be age 55 or older at retirement.

The medical/prescription drug coverage is purchased through an outside provider. 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.

Funding Policy – the contribution requirements of plan members are established and may be amended by the District. The district currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Costs and Net OPEB Obligation - The District's annual OPEB costs is calculated based on the annual required contribution of the District (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual Required Contribution	$233,000
Interest on net OPEB obligation	4,000
Adjustment to annual required contribution	(6,000)
Annual OPEB costs (expense)	231,000
Contributions made	(265,217)
Increase in net OPEB obligation	(34,217)
Net OPEB obligation – beginning of year	97,217
Net OPEB obligation – end of year	$63,000

For calculation of the net OPEB obligation, the actuary has set the transition day as of July 1, 2009. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plans actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed $265,217 to the medical plan. Plan members eligible for benefits were not required to contribute.

The District's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2014 are summarized as follows:

Fiscal Year ended	Annual OPEB Cost	Percentage of Annual OPEB cost contributed	Net OPEB Obligation
June 30, 2010	$204,000	76.47%	$48,000
June 30, 2011	204,559	76.26	96,559
June 30, 2012	190,000	100.53	95,559
June 30, 2013	192,658	99.14	97,217
June 30, 2014	231,000	114.81	63,000

Funded Status and Funding Progress – As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was $2,016,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $2,016,000. The covered payroll (annual payroll of active employees covered by the plan) was $13,000,000, and the ratio of the UAAL to the covered payroll was 15.5%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding process presented above, will present multi year trend information about whether other actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2013, actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2013 and applying the termination factors used in IPERS Actuarial Report as of June 30, 2013.

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Source: District's 2014 Independent Audited Financial Statement

Investment of Public Funds

The District invests its funds pursuant to Chapter 12B of the Code. No irregularities in the District's investing activities have been noted in District audits. Presented below is a summary of the investments of the District as of March 31, 2015:

Type of Deposit	Amount of Deposit
Local Bank Deposit Accounts	$4,396,863.64
ISJIT Money Market	6,160,567.89
ISJIT Time CD's	0
SLG Investments	3,209,847.09
Fiscal Agent	Bankers Trust

Source: Dallas Center-Grimes CSD

Anticipatory Warrants

The District has not issued anticipatory general fund warrants since fiscal year ending June 30, 2005.

Pensions

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. Employees who retire at age 65 (or anytime after age 58 with 30 or more years of service) are entitled to full monthly benefits. IPERS offers five options for distribution of retirement benefits. Prior to July 1, 2012, benefits become fully vested after completing four years of service or after attaining age 55 and after July 1, 2012 benefits become fully vested after completing seven years of service or after attaining age 65.

IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The Issuer's share, payable from the applicable funds of the Issuer, is provided by an annual levy of taxes without limit or restriction as to rate or amount against all the taxable property of the Issuer. All contributions are on a current basis. See "APPENDIX D — AUDITED FINANCIAL STATEMENTS" for additional information on IPERS.

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

Fiscal Year	Amount Contributed by Issuer	% of Payroll paid by Issuer	% of Payroll paid by Employee
2010	687,652	6.65	4.30
2011	778,278	6.95	4.50
2012	952,443	8.07	5.38
2013	1,084,974	8.67	5.78
2014	1,226,602	8.93	5.95

Source: Dallas Center-Grimes Community School District Independent Auditor's Reports for Fiscal Year Ending June 30, 2014.

The fund is administered by the Board with administration costs paid from income derived from invested funds. IPERS has an unfunded actuarial liability and unrecognized actuarial loss. The following table sets forth certain information about the funding status of IPERS that has been extracted from the Actuarial Valuation Report of IPERS for fiscal years noted below (the "Reports"). A complete copy of the Reports can be obtained by visiting IPERS website at: http://www.ipers.org/ or by writing to IPERS at P.O. Box 9117, Des Moines, Iowa 50306-9117.

Fiscal Year Ended June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability [b]	Unfunded Actuarial Accrued Liability Actuarial Value [b] – [a]	Funded Ratio {Actuarial Value) [a] / [b]	Covered Payroll [c]	UAL as a % of Covered Payroll (Actuarial Value) [[b-a] / [c]]
2010	21,537,458,560	26,468,419,650	4,930,961,090	81.37	6,571,182,005	75.04
2011	22,575,309,199	28,257,080,114	5,681,770,915	79.89	6,574,872,719	86.42
2012	23,530,094,461	29,446,197,486	5,916,103,025	79.91	6,786,158,720	87.18
2013	24,711,096,187	30,498,342,320	5,787,246,133	81.02	6,880,131,134	84.12
2014	26,460,428,085	32,004,456,088	5,544,028,003	82.68	7,099,277,280	78.09

Source: IPERS

The Reports outline the assumptions made in the above valuations.

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

Population

Presented below are population figures for the periods indicated for the Cities of Dallas Center and Grimes.

Year	Dallas Center	Grimes
2010	1,623	8,246
2000	1,595	5,098
1990	1,454	2,653
1980	1,360	1,973
1970	1,128	834
1960	1,083	697
1950	944	582
1940	865	489

Total District population is currently estimated to be 9,869.

Source: U.S. Census Bureau

Population by Age

Presented below are the 2010 Census figures according to age group for Dallas, Polk Counties and the State of Iowa:

Age Group	Dallas County	Polk County	State of Iowa
Under 19 years of age	30.7%	28.1%	26.9%
20 to 24 years of age	4.5	6.7	7.0
25 to 44 years of age	23.8	29.5	24.5
45 to 64 years of age	31.2	24.9	26.7
65 to 84 years of age	8.4	9.2	12.4
85 and over	1.4	1.6	2.3
Median Age	34.4	34.7	38.1

Source: U.S. Census Bureau

Unemployment Statistics

The State of Iowa Department of Job Service reports unemployment unadjusted rates as follows (February 2015)

Governmental Body	Percentage Unemployed
National Average	5.50%
State of Iowa	4.10
Dallas County	3.40
Polk County	4.50

Source: Iowa Workforce Development

Historical Employment Statistics

Presented below are the historical unemployment rates for the years indicated for Dallas and Polk Counties and the State of Iowa.

Calendar Year	Dallas County	Polk County	State Of Iowa
2014	3.50%	4.30%	4.40%
2013	3.70	4.80	4.60
2012	4.30	5.40	5.20
2011	4.80	6.10	5.90
2010	5.60	6.60	6.70

Source: Iowa Workforce Development

Major Employers

Located in the northwestern portion of the Des Moines Metropolitan area, District residents are employed throughout the metropolitan area. The following employers are located within the District:

Name of Employer	Business	Approx Number of Employees
Pioneer Hi Bred Co.	Crop seed genetics & production labs	1,400
Hy-Line	Breeder chicks	147
Ryko Manufacturing Co.	Vehicle cleaning systems	150
Yonker Manufacturing Co	Asphalt & paving	50
Dormark Bridge Construction	Contracting	50
Frito Lay	Distribution	50
Septagon	Contractor	21
Grimes Asphalt & Paving	Asphalt & Paving	70
The Right Stuff	Japanese Animee DVD	60
Biesser Lumber	Lumber	70
Dallas Center-Grimes CSD	Education	220
Spurgeon Manor	Nursing Home	101
FedEx Ground	Shipping	100
Gillotti Co.	Concrete & Construction	300

Source: Locationone.com

Retail Sales

Presented below are historic taxable retail sales statistics for the Cities of Dallas Center and Grimes:

Year Ending	Taxable Retail Sales City of Dallas Center	Taxable Retail Sales City of Grimes
2014	$12,919,089	$221,356,306
2013	11,404,964	180,274,128
2012	8,900,721	162,298,531
2011	8,736,678	145,580,529
2010	8,584,739	114,477,657

Source: Iowa Department of Revenue

Median Family Income

Dallas and Polk Counties had an estimated median family income of $71,878 and $58,096, compared to $51,129 for the State of Iowa. The following table represents the distribution of family incomes for the Counties according to the 2008-2012 American Community Survey 5 year estimated table:

	Dallas County		Polk County	
Household Income	# of Households	Percent of Households	# of Households	Percent of Households
Under $10,000	1102	4.3	9165	5.4
10,000 to 14,999	749	2.9	7413	4.3
15,000 to 24,999	1653	6.5	16014	9.4
25,000 to 34,999	2063	8.1	17130	10.0
35,000 to 49,999	2790	10.9	23403	13.7
50,000 to 74,999	5018	19.6	33826	19.8
75,000 to 99,999	3612	14.1	24522	14.3
100,000 to 149,999	4670	18.3	25255	14.7
150,000 to 199,999	2045	8.0	7891	4.6
200,000 or more	1859	7.3	6608	3.9

Source: U.S. Census Bureau

Property Tax Assessment

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

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

Fiscal Year	Residential Rollback	Ag. Land & Buildings	Commercial
2015-16	55.7335	44.7021	90.0000
2014-15	54.4002	43.3997	95.0000
2013-14	52.8166	59.9334	100.0000
2012-13	50.7518	57.5411	100.0000
2011-12	48.5299	69.0152	100.0000
2010-11	46.9094	66.2715	100.0000

Source: Iowa Department of Revenue

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. For example, the assessments finalized on January 1, 2013 are used to calculate tax liability for the tax year starting July 1, 2014 through June 30, 2015. Presented below are the historic property valuations of the Issuer by class of property:

Actual Valuation

	2014	2013	2012	2011	2010	2009
Residential:	639,908,038	586,252,336	552,565,244	528,899,220	536,148,278	507,933,270
Ag Land:	94,237,740	93,772,800	72,161,630	70,038,620	60,597,220	60,543,270
Ag Buildings:	5,344,660	5,083,190	4,968,920	4,808,890	4,808,140	4,897,530
Commercial:	266,751,480	264,629,363	253,475,361	236,694,030	290,027,910	307,243,830
Industrial:	11,946,919	11,289,411	7,693,342	7,319,733	6,471,150	4,549,167
Personal Real Estate:	0	0	0	0	0	0
Railroads:	0	0	291,358	401,490	344,764	288,171
Utilities:	5,975,007	6,781,282	7,489,539	6,760,250	7,600,971	7,203,565
Other:	0	0	0	0	0	0
Total Value:	1,024,163,844	967,808,382	898,645,394	854,922,233	905,998,433	892,658,803
Military	685,240	679,684	709,396	683,388	674,128	663,016
Net Value:	1,023,478,604	967,128,698	897,935,998	854,238,845	905,324,305	891,995,787
TIF Increment:	91,443,736	91,443,736	87,311,823	84,660,687	55,327,592	52,123,933
Utility Replacement:	33,688,241	33,688,241	38,627,884	36,794,026	37,870,982	35,766,158

Taxable Valuation

	2014	2013	2012	2011	2010	2009
Residential:	350,365,035	312,750,752	287,522,465	265,623,107	255,768,041	230,354,439
Ag Land:	42,126,250	40,697,115	43,248,913	40,301,041	41,821,298	40,122,959
Ag Buildings:	2,389,175	2,206,085	2,978,039	2,767,103	3,318,352	3,245,660
Commercial:	232,229,673	247,545,287	253,475,361	236,694,030	290,027,910	307,243,830
Industrial:	10,719,734	10,705,478	7,693,342	7,319,733	6,471,150	4,549,167
Personal Real Estate:	0	0	0	0	0	0
Railroads:	0	0	291,358	401,490	344,764	288,171
Utilities:	5,975,007	6,781,282	7,489,539	6,760,250	7,600,971	7,203,565
Other:	0	0	0	0	0	0
Total Value:	643,804,874	620,685,999	602,699,017	559,866,754	605,352,486	593,007,791
Less Military:	685,240	679,684	709,396	683,388	674,128	663,016
Net Value:	643,119,634	620,006,315	601,989,621	559,183,366	604,678,358	592,344,775
TIF Increment:	92,974,153	91,220,596	87,311,823	84,660,687	55,327,592	52,123,933
Utility Replacement:	22,774,628	21,963,633	21,276,189	20,326,415	21,807,246	19,675,164

Source: Iowa Department of Management

The Land Swap Agreement

In 2002, the District and the Urbandale Community School District entered into a land trade agreement where certain parcels of land in each district were exchanged between the two districts. In general, Dallas Center Grimes traded residential property in the southeastern section of the District (in the City of Urbandale) immediately adjacent to a new Urbandale Community School District elementary facility in exchange for certain commercial/industrial property, now in the southeastern portion of the District, but much closer to the City of Grimes. As part of that agreement, the residents in the area that was traded to Urbandale Community School District remained obligated for the taxes on debts of the Dallas Center Grimes School District outstanding at the time of the Agreement. All debts issued after the date of the Agreement do not have a claim for property taxation against this exchanged property.

As a result of the Agreement, the District has two taxation levels; one for the historical portion of the District and one for the post-Agreement portion of the District. All operating tax levies for both districts were assumed by the property in the post-Agreement boundaries.

One bond issue remains outstanding that is payable from the historical boundaries of the District, and the remaining debt service on said bond is shown below:

Fiscal Year	Principal	Interest	P&I
2016	700,000	108,085	808,085
2017	735,000	90,585	825,585
2018	765,000	71,108	836,108
2019	790,000	49,688	839,688
2020	825,000	25,988	850,988
Totals:	3,815,000	345,453	4,160,453

The actual and taxable valuation that exists in the special taxing area is as follows:

Actual Valuation

	2014	2013	2012	2011	2010	2009
Residential:	992,892,068	918,338,704	877,731,502	841,061,560	851,487,738	818,144,180
Ag Land:	95,757,860	95,299,780	73,430,570	71,308,130	61,721,920	61,667,970
Ag Buildings:	5,507,760	5,248,790	5,124,720	4,998,090	4,941,940	4,962,530
Commercial:	268,408,035	265,994,111	254,450,479	237,559,910	290,921,460	308,428,820
Industrial:	11,946,919	11,289,411	7,693,342	7,319,733	6,471,150	3,288,640
Personal Real Estate:	0	0	0	0	0	0
Railroads:	0	0	291,358	401,490	344,764	288,171
Utilities:	5,975,007	6,781,282	7,489,539	6,760,250	7,600,971	7,203,565
Other:	0	0	0	0	0	0
Total Value:	1,380,487,649	1,302,952,078	1,226,211,510	1,169,409,163	1,223,489,943	1,203,983,876
Military	920,444	909,332	929,784	905,628	892,664	868,588
Net Value:	1,379,567,205	1,302,042,746	1,225,281,726	1,168,503,535	1,222,597,279	1,203,115,288
TIF Increment:	104,676,940	104,676,940	102,033,967	105,406,687	76,683,592	65,623,933
Utility Replacement:	33,688,241	33,688,241	38,627,884	36,794,026	37,870,982	35,766,158

Taxable Valuation

	2014	2013	2012	2011	2010	2009
Residential:	546,630,012	487,542,697	452,334,886	413,845,757	397,825,421	368,705,549
Ag Land:	42,805,775	41,359,817	44,009,433	41,031,521	42,597,518	40,868,289
Ag Buildings:	2,462,085	2,277,954	3,071,415	2,875,973	3,410,692	3,288,730
Commercial:	233,638,519	248,823,081	254,450,479	237,559,910	290,921,460	308,428,820
Industrial:	10,719,734	10,705,478	7,693,342	7,319,733	6,471,150	4,549,167
Personal Real Estate:	0	0	0	0	0	0
Railroads:	0	0	291,358	401,490	344,764	288,171
Utilities:	5,975,007	6,781,282	7,489,539	6,760,250	7,600,971	7,203,565
Other:	0	0	0	0	0	0
Total Value:	842,231,132	797,490,309	769,340,452	709,794,634	749,171,976	733,332,291
Less Military:	920,444	909,332	929,784	905,628	892,664	868,588
Net Value:	841,310,688	796,580,977	768,410,668	708,889,006	748,279,312	732,463,703
TIF Increment:	94,845,918	104,453,800	102,033,967	105,406,687	76,683,592	65,623,933
Utility Replacement:	22,774,628	21,963,633	21,276,189	20,326,415	21,807,246	19,675,164

Property Tax Legislation

During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the "Act"), which the Governor signed into law on June 12, 2013. Among other things, the Act (i) reduces the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property, from the current 4% to 3%, (ii) assigns a "rollback" (the percentage of a property's value that is subject to tax) to commercial, industrial and railroad property of 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, (iii) creates a new property tax classification for multi-residential properties (mobile home parks, manufactured home communities, land-lease communities, assisted living facilities and property primarily used or intended for human habitation containing three or more separate dwelling units) ("Multi-residential Property") that begins in the 2015 assessment year, and assigns a declining rollback percentage of 3.75% to such properties for each subsequent year until 2021 assessment year (the rollback percentage for Multi-residential Properties will be equal to the residential rollback percentage in 2022 assessment year and thereafter) and (iv) exempts a specified portion of the assessed value of telecommunication properties.

The Act includes a standing appropriation to replace some of the tax revenues lost by local governments, including tax increment districts, resulting from the new rollback for commercial and industrial property. Prior to Fiscal Year 2017-18, the appropriation is a standing unlimited appropriation, but beginning in fiscal year 2017-18 the standing appropriation cannot exceed the actual fiscal year 2016-17 appropriation amount. The appropriation does not replace losses to local governments resulting from the Act's provisions that reduce the annual revaluation growth limit for residential and agricultural properties to 3% from 4%, the gradual transition for Multi-residential Property from the commercial rollback percentage (100% of Actual Value in Fiscal Year 2013-14) to the residential rollback percentage (currently 54.4002% of Actual Valuation), or the reduction in the percentage of telecommunications property that is subject to taxation.

Given the wide scope of the statutory changes, and the State of Iowa's discretion in establishing the annual replacement amount that is appropriated each year commencing in fiscal year 2017-18, the impact of the Act on the Issuer's future property tax collections is uncertain and the Issuer is unable to accurately assess the financial impact of the Act's provisions on the Issuer's future operations.

In Moody's Investor Service US Public Finance Weekly Credit Outlook, dated May 30, 2013, Moody's Investor Service ("Moody's") projected that local governments in the State of Iowa are likely to experience modest reductions in property tax revenues starting in fiscal year 2014-15 as a result of the Act, with sizeable reductions possible starting in fiscal year 2017-18. According to Moody's, local governments that may experience disproportionately higher revenue losses include regions that have a substantial commercial base, a large share of Multi-residential Property (such as college towns), or significant amounts of telecommunications property.

Notwithstanding any decrease in property tax revenues that may result from the Act, Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation bonds, "the governing authority of these political subdivisions before issuing bonds 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 shall 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."

From time to time, other legislative proposals may be considered by the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described in this Official Statement. It cannot be predicted whether or in what forms any of such proposals may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for the levy of taxes by the Issuer.

Tax Rates

Presented below is the taxes paid post-Agreement by the residents of the special taxing district set up to pay debt service on the bonds outstanding at the time of the Agreement, for the period indicated:

Fiscal Year	Debt Service Tax Rate
2015	0.87268
2014	0.89362
2013	0.93891
2012	0.96540
2011	0.96795

Presented below is the tax rates paid by residents of the post-Agreement Dallas Center Grimes Community School District for all operations of the District including debt service:

					Post & Pre		
Year	Operating	Management	Voter PPEL	Voter PPEL	Agreement	Debt Service	Total Levy Rate
2015	11.29622	0.83337	0.33000	1.34000	3.17866	0.87268	17.85093
2014	11.16205	0.96267	0.33000	1.34000	3.15640	0.89362	17.84474
2013	11.22408	0.97589	0.33000	1.34000	2.69810	0.93891	17.50698
2012	11.43510	0.79810	0.33000	1.00000	2.97329	0.96540	17.50189
2011	12.27714	1.04091	0.33000	1.34000	1.54452	0.96795	17.50052

Source: Iowa Department of Management

Historic Tax Rates

Presented below are the tax rates by levying authority for the residents of the City of Dallas Center (Dallas County) for the periods indicated:

Fiscal Year	City	School	College	State	Assessor	Ag Extens	Hospital	County	Transit	Total Levy Rate
2015	12.98772	17.85093	0.65724	0.00330	0.31423	0.08002	0.57912	3.82607	0.00000	36.29863
2014	12.97817	17.84472	0.69120	0.00330	0.31134	0.08087	0.54517	3.87452	0.00000	36.32929
2013	12.98180	16.56807	0.58466	0.00330	0.31173	0.06806	0.60683	4.26780	0.00000	35.39225
2012	12.97740	16.53649	0.59018	0.00300	0.27916	0.06751	0.60911	4.28299	0.00000	35.34584
2011	11.98390	16.53257	0.56008	0.00300	0.32933	0.06839	0.60945	4.72267	0.00000	34.80939

Presented below are the tax rates for by levying authority for the residents of the City of Grimes (Polk County) for the periods indicated:

Fiscal Year	City	School	College	State	Assessor	Ag Extens	Hospital	County	Transit	Total Levy Rate
2015	12.91374	17.85093	0.65724	0.00330	0.27750	0.04061	3.11769	7.16880	0.51700	42.54681
2014	12.91302	17.84472	0.69120	0.00330	0.27822	0.03945	2.99567	6.94381	0.45200	42.16139
2013	12.90968	16.56807	0.58466	0.00330	0.24382	0.03866	2.97819	6.80992	0.37200	40.50830
2012	12.90318	16.53649	0.59018	0.00300	0.24628	0.03696	2.92193	6.80992	0.22200	40.26994
2011	12.91004	16.53257	0.56008	0.00300	0.27848	0.03631	2.92111	6.81833	0.20410	40.26402

Source: Iowa Department of Management

Tax Collection History

Fiscal Year	Amount Levied	Amount Collected	Percentage Collected
2015	11,473,023	In collection	NA
2014	11,106,532	11,880,109	106.965%
2013	10,924,534	10,936,655	100.111%
2012	11,415,436	11,350,860	99.434%
2011	11,076,390	11,030,906	99.589%
2010	9,972,495	9,953,029	99.805%

Source: Dallas Center-Grimes CSD

Largest Taxpayers

Set forth in the following table are the persons or entities which represent the 2014 largest taxpayers within the Issuer, as provided by the Auditors Offices of the said counties. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the City. Except as noted below, the City's mill levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the City 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 mill levies of the other taxing entities which overlap the properties.

Taxpayer	2014 Taxable Valuation
Marsh I LLC	24,084,000
Aurora Business Park I LLC	22,833,000
Mid American Energy (1)	19,201,043
Paragon East Central 2 LLC	16,290,000
Esday Oinesmay Partners LLC	11,430,000
MBP IV & V LLC	9,106,020
Gabus Family Trust LC	8,852,003
MBP I & II LLC	8,775,000
Meredith West LLC	7,478,100
Adesa Des Moines Inc	6,471,000

Source: Polk and Dallas County Auditors

(1) Utility Property Tax Replacement

Property owned by entities involved primarily in the production, delivery, service and sale of electricity and natural gas ("Utilities") pay a replacement tax based upon the delivery of energy by Utilities in lieu of property taxes. All replacement taxes are allocated among local taxing bodies 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. Utility properties paying the replacement tax are exempt from the levy of property tax by political subdivisions. In addition to the replacement tax, 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.

By statute, the replacement tax collected by the State and allocated among local taxing bodies (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. It is possible that the general obligation debt capacity of the Issuer could be adjudicated to be proportionately reduced in future years if Utility property were determined to be other than "taxable property" for purposes of computing the Issuer's debt limit under Article XI of the Constitution of the State of Iowa. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the Issuer can issue or (ii) adversely affect the Issuer's ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Bonds. Approximately 0% of the Issuer's tax base currently is Utility property.

Notwithstanding the foregoing, Iowa Code 76.2 provides that when an Iowa political subdivision issues general obligation bonds, "the governing authority of these political subdivisions before issuing bonds 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 shall 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 auditor 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."

Direct Debt

Presented below is the outstanding principal general obligation debt of the Issuer:

Fiscal Year	7/1/04*	4/1/10	12/1/10[(1)]**	2/1/12	7/15/15	Total Principal	Total Interest	Total P&I
2016	10,000	700,000	385,000	700,000	125,000	1,920,000	1,483,521	3,403,521
2017	10,000	735,000	381,000	685,000		1,811,000	1,522,446	3,333,446
2018	10,000	765,000	378,000	690,000		1,843,000	1,495,679	3,338,679
2019	10,000	790,000	372,000	700,000		1,872,000	1,466,914	3,338,914
2020	10,000	825,000	361,000	700,000		1,896,000	1,432,264	3,328,264
2021	10,000		276,000	1,400,000		1,686,000	1,395,321	3,081,321
2022	5,000		277,000	1,400,000		1,682,000	1,370,356	3,052,356
2023	1,335,000		276,000	150,000	15,000	1,776,000	1,345,619	3,121,619
2024	1,400,000		280,000	175,000	1,280,000	3,135,000	1,275,419	4,410,419
2025			277,000	1,300,000	265,000	1,842,000	1,163,081	3,005,081
2026			276,000	1,100,000	500,000	1,876,000	1,125,881	3,001,881
2027			2,069,000			2,069,000	1,084,756	3,153,756
2028			2,069,000			2,069,000	1,084,756	3,153,756
2029			2,069,000			2,069,000	1,084,756	3,153,756
2030					1,870,000	1,870,000	464,600	2,334,600
2031					1,895,000	1,895,000	389,800	2,284,800
2032					1,920,000	1,920,000	314,000	2,234,000
2033					1,950,000	1,950,000	237,200	2,187,200
2034					1,975,000	1,975,000	159,200	2,134,200
2035					2,005,000	2,005,000	80,200	2,085,200
Totals:	2,800,000	3,815,000	9,746,000	9,000,000	13,800,000	39,161,000	19,975,770	59,136,770

(1) Represents mandatory sinking fund contributions, not bond maturity
Source: Dallas Center-Grimes CSD

*Escrow of Bond dated 7/1/2004
On July 1, 2014, the Issuer escrowed $650,000 of the principal due on 6/1/2024 of the bond dated 7/1/2004. The escrow does not include escrowing any interest payments due, only principal due. On July 1, 2015, the Issuer escrowed $750,000 of the principal due on 6/1/2024 and $113,000 of the principal due on 6/1/2023 of the bond dated 7/1/2004. The escrow does not include escrowing any interest payments due, only principal due.

Both of the above noted escrows are escrows to maturity of the bonds in question, as the bonds are not callable prior to maturity. The escrows are irrevocable. As such, the Issuer considers, as of 7/1/2015, $1,513,000 of the remaining portion of the bond dated 7/1/2004 as not outstanding for purposes of its debt limit calculation. However, the Issuer notes that the interest due on the escrowed bonds will be due and payable in the year in question, and is not escrowed at this time.

**Escrow of Bond dated 12/1/2010

As a part of the annual mandatory payment of principal of the District's $11,025,000 Taxable General Obligation School Bonds dated 12/1/2010 (Qualified School Construction Bonds – Direct Pay), the Issuer has paid annual installments into the sinking reserve fund, as permitted by the resolution authorizing the issuance of these Bonds. Currently, the Issuer has set aside $2,672,978 as of 6/1/2015, the maximum amount permitted by the federal regulations surrounding said bonds. Of that amount, a portion, $1,279,000, reflected regular amortization of the bond during the years 2011 through 2015. The balance, $1,393,977, reflects voluntary additional payments made, as permitted by the bond resolution. The allocation of the $1,393,977 toward the principal amounts due is shown below:

Fiscal Year	Escrow allocation
2016	-228,977
2017	-155,000
2018	-155,000
2019	-155,000
2020	-140,000
2021	-70,000
2022	-40,000
2023	0
2024	0
2025	0
2026	0
2027	-150,000
2028	-150,000
2029	-150,000
Totals:	-1,393,977

As a result of the above escrows, the Issuer has outstanding net general obligation debt, after escrows, as shown below:

Fiscal Year	Total Principal[(1)]	Total Interest	Total P&I
2016	1,691,023	1,483,521	3,174,544
2017	1,656,000	1,522,446	3,178,446
2018	1,688,000	1,495,679	3,183,679
2019	1,717,000	1,466,914	3,183,914
2020	1,756,000	1,432,264	3,188,264
2021	1,616,000	1,395,321	3,011,321
2022	1,642,000	1,370,356	3,012,356
2023	1,663,000	1,345,619	3,008,619
2024	1,735,000	1,275,419	3,010,419
2025	1,842,000	1,163,081	3,005,081
2026	1,876,000	1,125,881	3,001,881
2027	1,919,000	1,084,756	3,003,756
2028	1,919,000	1,084,756	3,003,756
2029	1,919,000	1,084,756	3,003,756
2030	1,870,000	464,600	2,334,600
2031	1,895,000	389,800	2,284,800
2032	1,920,000	314,000	2,234,000
2033	1,950,000	237,200	2,187,200
2034	1,975,000	159,200	2,134,200
2035	2,005,000	80,200	2,085,200
Totals:	36,254,023	19,975,770	56,229,793

(1) Represents mandatory sinking fund contributions, not bond maturity

Source: Dallas Center-Grimes CSD

School Infrastructure Sales, Services & Use Tax Revenue Bonds

The Issuer previously issued its Taxable School Infrastructure Sales, Services & Use Tax Revenue Bonds dated 12/1/2010 (Qualified School Construction – Direct Pay) bonds. Presented below is the principal and interest on the Issuer's School Infrastructure Sales & Services Tax Revenue Bonds, presented by fiscal year and issue:

Fiscal Year	2010 QSCB (1)*	Less Expected Tax Credit	Net Total P&I
2015	288,113	-260,533	27,580
2016	288,113	-260,533	27,580
2017	288,113	-260,533	27,580
2018	288,113	-260,533	27,580
2019	288,113	-260,533	27,580
2020	288,113	-260,533	27,580
2021	288,113	-260,533	27,580
2022	288,113	-260,533	27,580
2023	288,113	-260,533	27,580
2024	288,113	-260,533	27,580
2025	288,113	-260,533	27,580
2026	288,113	-260,533	27,580
2027	288,113	-260,533	27,580
2028	288,113	-260,533	27,580
2029	5,213,113	-260,533	4,952,580
Totals	9,246,688	-3,907,988	5,338,700

*Escrow of Bond dated 12/1/2010

As a part of the annual mandatory payment of principal of the District's $4,925,000 School Infrastructure Sales, Services & Use Tax Revenue Bonds, Series 2010, dated 12/1/2010 (Qualified School Construction Bonds – Direct Pay), the Issuer has paid annual installments into the sinking reserve fund, as permitted by the resolution authorizing the issuance of these Bonds. Currently, the Issuer has set aside $1,476,100 as of 6/1/2015, the maximum amount permitted by the federal regulations surrounding said bonds. As a result of the annual payment, the Issuer considers $3,448,900 principal amount (plus interest) as outstanding payable from the School Infrastructure Sales Tax during the period 2016-2029.

(1) Represents mandatory sinking fund contributions, not bond maturity

Source: Dallas Center-Grimes CSD

Debt Limit

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

1/1/2013 Actual Valuation:	1,092,260,675
X	0.05
Statutory Debt Limit:	54,613,034

Total general obligation debt subject to the limit is shown below:

Total General Obligation Debt:	39,161,000
Balance in GO Bond Escrow	-2,906,977
Total Debt Subject to Limit:	36,254,023
Percentage of Debt Limit Obligated:	66.38%

It has not been determined whether the Issuer's School Infrastructure Sales, Services & Use Tax Revenue Bonds do or do not count against the constitutional debt limit. If said bonds do count against the constitutional debt limit, the amount of debt subject to the debt limit is as follows:

Total General Obligation Debt:	39,161,000
Balance in GO Bond Escrow	-2,906,977
Balance in SILO Sinking Fund	-1,476,100
Total Sales Tax Revenue Debt:	4,925,000
Total Debt Subject to Limit:	39,702,923
Percentage of Debt Limit Obligated:	72.70%

Source: Iowa Department of Management

Overlapping & Underlying Debt

Presented below is a listing of the overlapping and underlying debt for Issuers within the District and the amount applicable to Dallas Center-Grimes Schools.

Taxing Authority	Outstanding Debt	2013 Taxable Valuation	Taxable Value Within Issuer	Percentage Applicable	Amount Applicable
City of Dallas Center	1,438,000	69,163,426	69,163,426	100.00%	$1,438,000
City of Grimes (1)	17,853,681	512,252,837	380,395,141	74.26%	13,258,011
City of Urbandale	55,850,000	2,612,571,434	187,144,371	7.16%	4,000,661
Urbandale Sanitary Sewer	0	2,399,174,684	160,428,150	6.69%	0
Dallas County	11,365,000	4,669,460,826	167,224,909	3.58%	407,009
Polk County	254,765,238	20,922,162,763	591,643,506	2.83%	7,204,332
Des Moines Area Community College	75,515,000	39,086,798,088	733,190,544	1.88%	1,416,511
AEA #11 - Heartland	51,870	39,086,798,088	733,190,544	1.88%	973
				Total	$27,725,496

Source: Iowa Department of Management; Iowa State Treasurer

FINANCIAL SUMMARY

Actual Value of Property, 2013:	$1,092,260,675
Taxable Value of Property, 2013:	733,190,544
Direct Debt, including this issue:	$36,254,023
Overlapping Debt:	27,725,496
Total Direct & Overlapping Debt:	$63,979,519
Population, 2010 U.S. Census:	9,527
Direct Debt per Capita:	3,805
Total Debt per Capita:	6,716
Direct Debt to Taxable Valuation:	4.945%
Total Debt to Taxable Valuation:	8.726%
Direct Debt to Actual Valuation:	3.319%
Total Debt to Actual Valuation:	5.858%
Actual Valuation per Capita:	$114,649
Taxable Valuation per Capita:	76,959

Source: Iowa Department of Management

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 Dallas Center-Grimes Community School District in the Counties of Polk and Dallas, State of Iowa, and acts of administrative officers of the School District (the "Issuer"), relating to the issuance of General Obligation School Bonds, Series 2015, dated July 15, 2015, in the denominations of $5,000 or multiples thereof, in the aggregate amount of $_____ (the "Bonds").

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

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

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

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

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

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

4. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings 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 Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

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

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

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

AHLERS & COONEY, P.C.

APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Dallas Center-Grimes Community School District, State of Iowa (the "Issuer"), in connection with the issuance of $_____ General Obligation School Bonds, Series 2015 (the "Bonds") dated July 15, 2015. The Bonds are being issued pursuant to a Resolution of the Issuer approved on _____, 2015 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. 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).

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.

"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, 1900 Duke Street, Suite 600, Alexandria, VA 22314.

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

"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(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, 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) Annually, the Issuer shall, or shall cause the Dissemination Agent to, 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 shall be filed not later than April 15 following the close of the Issuer’s fiscal year (which currently is June 30), commencing with the report for fiscal year 2014/2015. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

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

(c) The Dissemination Agent shall:

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

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

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

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

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

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

SECTION 5. Reporting of Significant Events.

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

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) 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;

(7) Modifications to rights of Holders of the Bonds, if material;

(8) Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;

(9) Defeasances of the Bonds;

(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) Rating changes on the Bonds;

(12) Bankruptcy, insolvency, receivership or similar event of the Issuer;

(13) 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; and

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds 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. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

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

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

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

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

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

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

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

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

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

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

Date: _____ day of _____, 2015.

DALLAS CENTER-GRIMES 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: Dallas Center-Grimes Community School District, Iowa.

Name of Bond Issue: $_____ General Obligation School Bonds, Series 2015

Dated Date of Issue: July 15, 2015

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 _____, _____.

DALLAS CENTER-GRIMES COMMUNITY SCHOOL DISTRICT, STATE OF IOWA

By: _____
Its: _____

APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER

This Appendix contains the entire 2014 audited financial statement of the issuer. The Auditor of State of the State of Iowa (the "State Auditor") maintains a webpage that contains prior years' audits of city, county, school district and community college, including audits of the Issuer, which can be found at the following link http://auditor.iowa.gov/reports/index.html.

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DALLAS CENTER-GRIMES COMMUNITY SCHOOL DISTRICT

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

June 30, 2014

Table of Contents

		Page
Officials		2
Independent Auditor's Report		3-4
Management's Discussion and Analysis (MD&A)		5-16
Basic Financial Statements:	Exhibit	
Government-wide Financial Statements:		
Statement of Net Position	A	18
Statement of Activities	B	19-20
Governmental Fund Financial Statements:		
Balance Sheet	C	21
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D	22
Statement of Revenues, Expenditures and Changes in Fund Balances	E	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	24
Proprietary Funds Financial Statements:		
Statement of Net Position	G	25
Statement of Revenues, Expenses and Changes in Fund Net Position	H	26
Statement of Cash Flows	I	27
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position	J	28
Statement of Changes in Fiduciary Net Position	K	29
Notes to Financial Statements		30-42
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances-Budget and Actual-All Governmental Funds and Proprietary Funds		44
Notes to Required Supplementary Information - Budgetary Reporting		45
Schedule of Funding Progress for the Retiree Health Plan		46
Supplementary Information:	Schedule/Statement	
Non-major Governmental Funds:		
Combining Balance Sheet	1	48
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	49
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	50-51
Capital Project Accounts:		
Combining Balance Sheet	4	52
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	5	53
Proprietary Funds:		
Combining Statement of Net Position	6	54
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	7	55
Combining Statement of Cash Flows	8	56
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund	9	57
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	10	58
Schedule of Expenditures of Federal Awards	11	59
Notes to Schedule of Expenditures of Federal Awards		60
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*		61-62
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133		63-64
Schedule of Findings and Questioned Costs		65-67

Dallas Center-Grimes Community School District
Officials
Year Ended June 30, 2014

Name	Title	Term Expires
	Board of Education	
	(Before September 2013 Election)	
Douglas Rothfus	President	2015
David Eilers	Vice President	2013
Scott Brown	Board Member	2013
Del Gustafson	Board Member	2013
Angela Glasgow	Board Member	2015
Kathie Hicok	Board Member	2015
Ronnie Wiedman	Board Member	2015
	(After September 2013 Election)	
Douglas Rothfus	President	2015
David Eilers	Vice President	2017
Angela Glasgow	Board Member	2015
Kathie Hicok	Board Member	2015
Ronnie Wiedman	Board Member	2015
Scott Brown	Board Member	2017
Doug Rants	Board Member	2017
	School District Officials	
Scott Grimes	Superintendent	2014
Michelle Wearmouth	District Secretary/Treasurer and Business Manager	2014
Ralph Brown	Attorney	Indefinite
Ahler's Law Firm	Attorney	Indefinite

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Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education
Dallas Center-Grimes Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Dallas Center-Grimes Community School District, cities of Dallas Center and Grimes, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Dallas Center-Grimes Community School District at June 30, 2014, and the respective changes in financial position and where applicable cash flows, thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 16 and 44 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dallas Center-Grimes Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013, (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit* Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 6, 2014, on our consideration of the Dallas Center-Grimes Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Dallas Center-Grimes Community School District's internal control over financial reporting and compliance.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

November 6, 2014

The Dallas Center - Grimes 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, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

- General Fund revenues increased from $19,709,648 in FY13 to $21,965,594 in FY14 while General Fund expenditures increased from $20,264,222 in fiscal 2013 to $22,237,520 in FY2014. A portion of the increased expenditures are attributed to the increased costs associated with serving 157 new students.
- This resulted in an expected decrease of $271,926 in the District's General Fund balances, including restricted, committed and unassigned fund balances, from $5,236,338 in fiscal 2013 to $4,964,412 in fiscal 2014.
- The increase in General Fund revenues was primarily attributable to an increase in receipts of state funds and property tax collections due to 2% allowable growth and a significant increase in student enrollment of 157 students.
- The increase in General Fund expenditures was primarily attributable to an increase in the negotiated salary and benefits, and the increased costs associated with opening the Meadows 8-9 facility and increased staffing associated with this opening. As student numbers increase, instructional supply expenditures increased as well. As the number of facilities increase, utility, repair, and staffing will also increase as well.

Overview of the Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The statements for *governmental funds* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.
- The statements for *proprietary funds* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.
- The statements for *fiduciary funds* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

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

Figure A-1
Dallas Center-Grimes Community School District

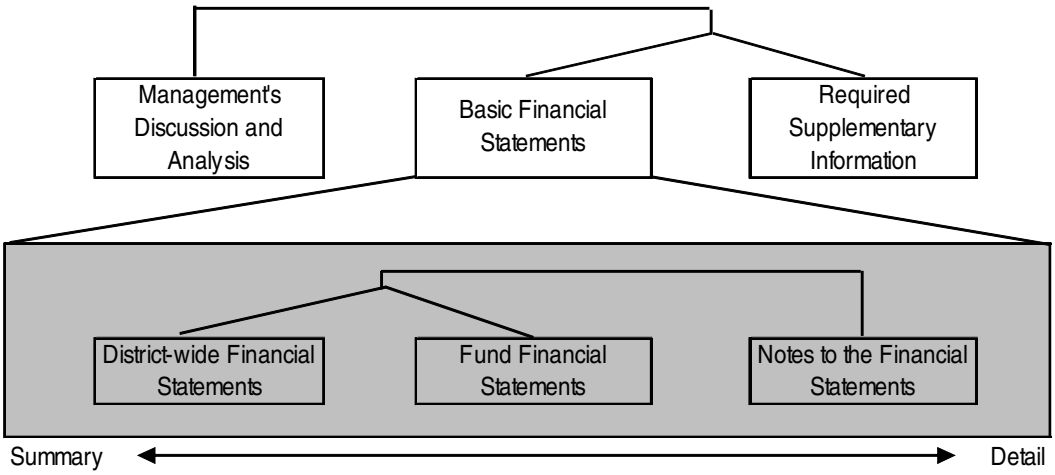

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2
Major Features of the District-wide and Fund Financial Statements

		Fund Statements		
	District-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as the special education and building maintenance	Activities the district operates similar to private businesses: food services, farm account, and student construction	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net position * Statement of revenues, expenses and changes in net position * Statement of cash flows	* Statement of fiduciary net position * Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year; or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid
Common names of district funds included	All funds with the exception of scholarship funds	General, Debt Service, Capital Projects, Management, Student Activity	Nutrition Fund, Farm Enterprise Account, Student Construction Fund	Burnett Scholarship, Brewer Scholarship, Anderson Scholarship, Schnell Scholarship, Bowersox Scholarship

District-wide Statements

The Government-wide 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 and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two Government-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities. The valuation of the district increased 3.08%.

Review of DC-G Property Tax Valuations by Year

Year	Taxable Valuation without TIF	Increase over previous year	Percent increase
FY2001	$ 270,537,874	34,145,130	12.62%
FY2002	337,471,923	66,934,049	19.83%
FY2003	354,464,375	16,992,452	4.79%
FY2004	361,420,196	6,955,821	1.92%
FY2005	383,341,568	21,921,372	5.72%
FY2006	418,254,246	34,912,678	8.35%
FY2007	453,208,099	34,953,853	7.71%
FY2008	495,093,032	41,884,933	8.46%
FY2009	550,887,628	55,794,596	10.13%
FY2010	611,963,877	61,076,249	9.98%
FY2011	681,813,196	69,849,319	10.24%
FY2012	673,865,979	(7,947,217)	-1.18%
FY 2013	710,577,633	36,711,654	5.17%
FY 2014	733,190,544	22,612,911	3.08%

Dallas Center - Grimes Facilities by Age

Dallas Center – Grimes Elementary, Grimes	Opened 8-1-1988
Dallas Center – Grimes Elementary, Dallas Center	Opened 1-1-2002
Dallas Center – Grimes Middle School, Dallas Center	Opened 8-1-2004
Dallas Center – Grimes High School, Grimes	Opened 8-1-2002
Dallas Center – Grimes Auditorium addition, Grimes	Opened 9-1-2005
Dallas Center – Grimes Sports Complex, Grimes	Final phase 9-1-2006
Dallas Center - Grimes North Ridge Elementary, Grimes	Opened 8-1-2008
Dallas Center - Grimes Meadows 8-9, Grimes	Opened 8-1-2012

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

    - The District's governmental funds include the General Fund, Debt Service Fund, Capital Projects Funds, and Special Revenue funds such as the Student Activity fund, Management fund, and PPEL fund.

- 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 District-wide 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's enterprise funds include the School Nutrition Fund, Student Construction Fund, and the Farm Enterprise Fund.

- Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-purpose Trust and Agency funds.

    - Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund. There are currently five scholarship trust funds: Burnett Scholarship, Brewer Scholarship, Anderson Scholarship, Schnell Scholarship, and Bowersox Scholarship funds.

    - Agency Fund- These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases. The District has only one Agency fund which holds employee funds contributed by employees through payroll for use in the Medical and Dependent Care Flexible Spending Program.

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

Financial Analysis of the District as a Whole

Net position – Figure A-3 below provides a summary of the District's net position for the year ended June 30, 2014 compared to 2013.

Figure A-3
Condensed Statement of Net Position
(Expressed in Thousands)

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-2014
Current and other assets	$ 26,258	24,755	442	510	26,700	25,265	5.7%
Capital assets	51,753	51,546	281	293	52,034	51,839	0.4%
Total assets	78,011	76,301	723	803	78,734	77,104	2.1%
Long-term liabilities	33,011	34,447	-	-	33,011	34,447	-4.2%
Other liabilities	12,756	11,979	201	270	12,957	12,249	5.8%
Total liabilities	45,767	46,426	201	270	45,968	46,696	-1.6%
Net position:							
Invested in capital assets, net of related debt	20,602	18,633	281	293	20,883	18,926	10.3%
Restricted	7,387	6,823	-	-	7,387	6,823	8.3%
Unrestricted	4,255	4,419	241	240	4,496	4,659	-3.5%
Total net position	$ 32,244	29,875	522	533	32,766	30,408	7.8%

Capital assets increased due to new construction (Meadows) completed in August 2013.

Figure A-4 shows the change in net position for the year ended June 30, 2014, compared to June 30, 2013.

Figure A-4
Changes in Net Position
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	Year ended June 30,		Year ended June 30,		Year ended June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-2014
Revenues:							
Program revenues:							
Charges for service	$ 2,915	2,623	1,122	1,078	4,037	3,701	9.1%
Operating grants, contributions and restricted interest	3,231	2,907	394	343	3,625	3,250	11.5%
General revenues:							
Property tax	11,885	10,937	-	-	11,885	10,937	8.7%
Statewide sales. services and use ta	1,875	1,713	-	-	1,875	1,713	9.5%
Unrestricted state grants	9,013	7,782	-	-	9,013	7,782	15.8%
Unrestricted investment earnings	72	55	-	-	72	55	30.9%
Other	1,322	1,161	38	184	1,360	1,345	1.1%
Total revenues	30,313	27,178	1,554	1,605	31,867	28,783	10.7%
Program expenses:							
Governmental activities:							
Instruction	16,030	13,634	-	-	16,030	13,634	17.6%
Support services	8,556	6,707	-	-	8,556	6,707	27.6%
Non-instructional programs	-	-	1,565	1,479	1,565	1,479	5.8%
Other expenses	3,358	2,701	-	-	3,358	2,701	24.3%
Total expenses	27,944	23,042	1,565	1,479	29,509	24,521	20.3%
Change in net position	$ 2,369	4,136	(11)	126	2,358	4,262	-44.7%

Property tax, sales and service tax, and unrestricted state grants account for 76% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 88% of the total expenses.

Governmental Activities

Revenues for governmental activities were $30,312,135 and expenses were $27,943,858

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.

Figure A-5
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	Total Cost of Services		Change	Net Cost of Services		Change
	2014	2013	2013-2014	2014	2013	2013-2014
Instruction	$ 16,030	13,634	17.6%	10,784	8,894	21.3%
Support services	8,556	6,707	27.6%	8,480	6,646	27.6%
Other expenses	3,358	2,701	24.3%	2,534	1,972	28.5%
Totals	$ 27,944	23,042	21.3%	21,798	17,512	24.5%

- The cost financed by users of the District's programs was $2,914,646.
- Federal and state government subsidized certain programs with grants and contributions totaling $ 3,230,769. The net cost of governmental activities was financed with $13,759,430 in property and other taxes and $9,013,096 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were $1,553,863 and expenses were $1,565,191. The District's business type activities include the School Nutrition Fund, Student Construction, and Farm Enterprise Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2014, the District increased meal prices by .10 cents. The District continues to contract food services with Taher, Incorporated of Minnesota.

INDIVIDUAL FUND ANALYSIS

As previously noted, Dallas Center-Grimes 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 government funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of $13,745,765. The previous year, governmental funds reported a combined fund balance of $13,024,650.

Governmental Fund Highlights

- The district unassigned/unrestricted general fund balance decreased in FY14. The general fund unassigned/unrestricted net fund balance decreased from $5,043,415 unassigned fund balance in FY13 to $4,827,092. The district planned for the fund balance to be reduced in the fiscal year as fund balance must reduce until a time that cash reserve levy can again be levied. This will result in progress toward a solvency ratio closer to the District goal percentage. At this time, the District fund balance is in excess of the 20% limitation calculated to levy cash reserve funds. The district's targeted financial solvency rate is 10-15%. The solvency ratio was 22%, a planned decline of 4%.

- DC-G has experienced enrollment growth, which has allowed for additional dollars to fund programs. This has allowed some of the increased cost to be covered by new funds. Significant student growth within a single year may inhibit the district's ability to maintain a constant property tax rate.

- Over the past ten years the net impact of open enrollment has been very positive for DC-G. There was net $1,360,426 more available for funding programs within our district in 13-14 due to positive net open enrollment of 226 students.

- In 2001-02, DC-G implemented an instructional levy. In 2001-02, the instructional levy was 3%, in 2002-03 it was 7%, and since 2003-04 this levy has been at the maximum 10%. Prior to 2004-05, the district elected not to commit all the instructional levy dollars to spending in the same year. However, in the 2004-05, 2005-06 and 2006-07 fiscal years, the full instructional support levy amount was committed to current year spending. The district voted to renew its instructional levy in October 2008 for a five year period beginning July 1, 2009 and again in December 2013 for the five year period beginning July 1, 2013. It will be imperative for the district to continue to renew the instructional support levy in the future to maintain programs during enrollment growth.

- The district has implemented an extensive at-risk program, now at the maximum funding level. This has provided funding for some of the additional staff needed in the district, and has allowed the regular operating budget to absorb other increases.

- The district's administrative team and school board closely monitor monthly revenues and expenditures. The board has intentionally decided not to commit funds beyond a certain level which helps maintain a relatively constant or increasing fund balance.

- The Physical Plant and Equipment Levy (PPEL) fund balance decreased from $1,206,026 at the end of FY13 to $ 866,018 at the end of FY14. Funds were spent primarily on a major technology infrastructure upgrade to support 1:1 computers in the high school, school bus purchases, carpet replacement, and other district repairs and maintenance.

- The Management fund balance decreased from $529,825 at June 30, 2013 to $409,099 at the close of FY14. The planned use of fund balance helped to control the property tax rate but cannot be utilized on a continuing basis.

Proprietary Fund Highlights

School Nutrition cash/investments and inventories decreased from $230,213 at June 30, 2013 to $229,670 at June 30, 2014. The Farm account cash/investments increased from $11,005 at FY13 to $11,281 at FY14.

BUDGETARY HIGHLIGHTS

Over the course of the year, Dallas Center - Grimes Community School District monitored the published budget. Budget amendments were needed in three of the four areas, the instructional area, the support services area, and the non-instructional area. The amendment was enacted by the Board prior to the deadline.

The District's receipts were $222,218 higher than budgeted receipts, a variance of approximately one-half of one percent.

It is the district's practice to budget expenditures at levels up to the maximum authorized spending authority for funds, yet to manage and control the spending through the line-item budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested $51.7 million, 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-6) More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was $1,718,357 in both governmental and business type activities.

Figure A-6
Capital Assets, net of Depreciation
(Expressed in Thousands)

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-2014
Land	$ 1,994	1,994	-	-	1,994	1,994	0.0%
Construction in progress	1,397	-	-	-	1,397	-	-
Buildings	46,282	47,401	-	-	46,282	47,401	-2.4%
Improvements other than buildings	148	231	-	-	148	231	-35.9%
Furniture and equipment	1,932	1,920	281	293	2,213	2,213	0.0%
Totals	$ 51,753	51,546	281	293	52,034	51,839	0.4%

Long Term Debt

At June 30, 2014, the District has $33,369,429 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of approximately five percent from last year attributable to repayment of obligations. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 of the financial statements.

Figure A-7
Outstanding Long-Term Obligations
(Expressed in Thousands)

	Total District June 30,		Total Change June 30,
	2014	2013	2013-2014
General obligation bonds	$ 28,005	29,315	-4.5%
GO bond discount, net	(93)	(100)	-7.0%
GO bond deferred costs, net	(358)	(418)	-14.4%
GO bond premium, net	17	20	-15.0%
Revenue bonds	4,925	4,925	0.0%
Revenue bond discount, net	(57)	(61)	-6.6%
Early retirement	509	669	-23.9%
Other postemployment benefi	63	97	-
Totals	$ 33,011	34,447	-4.2%

The following reviews recent bonding and construction:

October 19, 1999	**Bond issue 9.75 million for purchase of Rhinehart land,**	**(Levy A only)**
	Purchase of Meadows land & build/furnish high school on Meadows land	**Pass**
	1.26 million bond sold to begin construction and make land purchases	**Levy B – Fail**
November 23, 1999	**Passage of the Polk County Local Option Sales Tax**	**Pass**
	Revenue bond 4.9 million for the construction of DC elementary sold on October 17, 2000	
December 7, 1999	**Levy B raising funds to levy at the $4.05 mark for the 9.75 million dollar bond issue. 9.985 GO bond sold which was remaining dollars authorized Oct. 19, 1999 and refinance Grimes elementary bond**	**Pass**
July 16, 2002	**Bond issue 6.4 million for construction, renovation, and furnishing a new middle school in Dallas Center**	**Pass**
March 19, 2004	**Began Phase One of Sports Complex project funded with Local Option Sales and Service dollars. Phase one completed October 18, 2004.**	
March 30, 2004	**Bond issue 3.0 million for construction and furnishing of auditorium addition to the high school**	**Pass**
April 11, 2006	**Bond issue 6.5 million for site acquisition, construction, and furnishing of a new elementary school (North Ridge Elementary)**	**Pass**
April 11, 2006	**Passage of Voter-Approved PPEL Levy not to exceed $1.34 / $1000**	**Pass**
September 9, 2008	**Revenue purpose statement SAVE / LOSST fund**	**Pass**
September 14, 2010	**QSCB General Obligation Bond $11,315,000 Taxable for 8-9 building**	**Pass**

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 may affect financial health in the future:

- The district continues to experience enrollment growth. The district's population in 2010 is currently estimated at 9,869 which is approximately 51% growth over the 2000 census. The City of Grimes has requested a special census for 2015.

- The most recent bond issue voted September 14, 2010 had an 82% positive vote in the election and construction has begun in FY 2011 on a new Meadows 8-9 facility in Grimes that was completed in August 2013.

- Private and corporate homebuilders continue to select the Grimes area for new home construction. The recent rate of growth will allow for a manageable transition to additional facilities, but accelerated rates of growth expected will greatly stress current facilities. The district continues to monitor growth of residential housing by monitoring the number of building permits granted and it is noted that recent data indicates a sharp incline in new building permits filed within the District.

- Two large developments continue to proceed in the City of Grimes: the Heritage development and the Beaverbrook development. Rapid home building in each of these areas is being continually monitored by the District. Residential building permits are being requested well above the historical levels. The district will need to closely monitor changes in enrollment and make staffing changes immediately. Failure to monitor and/or to react to enrollment declines will negatively impact the district's budget.

- The District has contracted the services of RSP Associates to monitor and project enrollment growth. This is yet another factor providing information to the administration and subsequently to the Facilities committee to plan for enrollment growth.

- In September 2008, the district approved a new Statement of Purpose for the LOSST. This will allow a greater use of LOSST funds and adding to the capacity for projects that have primarily been PPEL projects.

- In the fall of 2008, the district established a community wide facility committee. The facility committee continues to meet to review future facility needs of the district and reviews uses of funds for projects or the need for future bonding for major construction. This committee is also expected to review the need for voter-approved PPEL which will expire after 2015-16 without renewal and carry that issue forward to the public in the coming year.

- Along with growth, transportation needs to transport students to school locations continues to grow. The district has purchased two new buses. The district will need to maintain a level of at least two to three bus purchases annually in the future which has been included in the district ten-year PPEL planning. If neighborhood school boundaries are changed, bussing needs may also change and additional buses must be purchased per year.

- The district has a limited transportation facility at this time, and with a growing fleet the need for a central location to store and perform maintenance on the fleet increases. Land was purchased at the edge of Grimes for this future purpose, bids were received for construction of a transportation facility including a building for central storage and warehousing at this location. This project will be funded with SAVE local option sales tax funds.

- Fiscal 2014 was the first year of a one-year contract with the Dallas Center-Grimes Education Association. The package totaled just over 5.4%. Future increases are tied to the allowable growth set by the state, which allows for a positive situation for the district. If needed, staff increases can be limited to lane, step, and insurance increases.

- In May 2014, the bond rating was reviewed by Moody's Investing Service for the fifth time and the rating was improved from Aa3 to Aa2. The report noted areas of strength including tax base growth, increasing enrollment, and strong fiscal management.

- Over the past several years, the district net open enrollment in and out number has improved dramatically. The 2014 and 2015 school years will experience a net positive open enrollment students near the same figures as the previous fiscal year. The district will need to be careful of funding ongoing expenditures with funds as variable as open enrollment and make immediate changes in staffing levels if open enrollment drops. The district needs to continue to foster open enrollment to the extent that facilities allow.

- In the January 1, 2014 assessment of District taxable valuation, property values increased by 3.18%. With the many variables associated with property tax valuation such as agricultural valuation changes in Dallas County, TIF valuation changes, and reassessment of properties, the District will monitor closely as it may not experience the same historic levels of taxable property valuation growth.

- Area cities continue to discuss and use TIF as means of supporting development. All TIF, but especially residential TIFs will have a negative impact on property tax rate. The district must continue to monitor and oppose TIFs that negatively impact the district.

- The district has grown an average of 47 students per year for the past ten years. The growth recorded in September 2008 was 63 students, September 2009 was 53 students, September 2010 was 58 students, September 2011 was 28 students, September 2013 was a record 157.37 students, and September 2014 was an increase of 104.37. Although this level of growth is not planned for the future, it is prudent for the district to plan for growth of 50 to 75 students per year. This increase creates facility challenges as the district also increases it's preschool program.

- To the south of the Grimes area, Aurora Business Park, L.L.C. has continued construction of a projected $300 million dollar business park within school boundaries. This development will significantly increase property valuation, and will be the workplace of nearly one-thousand employees. Unfortunately, the area is a TIF area so general fund valuation will not grow with the development.

- Two years ago, Walmart opened a new store in the City of Grimes. Although not in the school district, the expected and planned retail development will impact the district's taxable valuation and enrollment. Commercial growth continues to happen in this area and land has been donated near this site for a YMCA.

- Although current facilities are in great condition, there has been an increasing need for annual facility maintenance funds, as district facilities are no longer under warranty and start to age. Much of the increased cost is associated with managing increased technology in our mechanical and electrical systems. The voters of the District approved a voted-PPEL levy to help meet the annual facility maintenance needs and renewal of this levy will be imperative for the District.

- The rapid addition of facilities has been fostered by significant residential and commercial taxable valuation growth. A decrease in valuation will likely have an impact on the district property tax rate. Although district enrollment growth has been manageable, rates of growth similar to other area districts will result in a significant impact upon facilities and in the property tax rate.

- Ongoing discussions of revisions to Highway 44, Highway 141, and the construction of a north/south bypass and/or an east/west bypass will impact the commercial and residential growth of Grimes.

- The District has structured payments for General Obligation bonds with several larger payments in the years 2027, 2028, and 2029. This structure will create difficulty in future bonding schedules, and the Board will prudently review this situation and take available action to consider using subsidy payments and pre-levying funds toward prepayment of those bonds to create a favorable payment structure for the future.

- Ongoing discussions of revisions to Highway 44, Highway 141, and the construction of a north/south bypass and/or an east/west bypass will impact the commercial and residential growth of Grimes.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide 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, please contact Michelle Wearmouth, Business Manager at Dallas Center-Grimes Community School District, P.O. Box 512, Dallas Center, Iowa 50063.

Basic Financial Statements

Exhibit A

Dallas Center-Grimes Community School District
Statement of Net Position
June 30, 2014

	Governmental Activities	Business type Activities	Total
Assets			
Cash and cash equivalents	$ 14,028,419	219,124	14,247,543
Receivables:			
Property tax:			
Delinquent	41,872	-	41,872
Succeeding year	11,473,028	-	11,473,028
Due from other funds	189,637	-	189,637
Due from other governments	525,725	-	525,725
Inventories	-	222,776	222,776
Capital assets, net of accumulated depreciation	51,752,712	280,972	52,033,684
Total assets	78,011,393	722,872	78,734,265
Deferred Outflows of Resources			
Deferred Bond Costs	358,000	-	358,000
Liabilities			
Accounts payable	615,353	11,312	626,665
Salaries and benefits payable	424,535	-	424,535
Due to other funds	-	189,637	189,637
Accrued interest payable	243,358	-	243,358
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	1,365,000	-	1,365,000
Early retirement	147,907	-	147,907
Portion due after one year:			
General obligation bonds	26,564,465	-	26,564,465
Revenue bonds	4,867,803	-	4,867,803
Early retirement	361,254	-	361,254
Net OPEB liability	63,000	-	63,000
Total liabilities	34,652,675	200,949	34,853,624
Deferred Inflows of Resources			
Unavailable property tax revenue	11,473,028	-	11,473,028
Net position			
Net investment in capital assets	20,602,366	280,972	20,883,338
Restricted for:			
Categorical funding	137,320	-	137,320
Debt service	3,973,736	-	3,973,736
Management levy purposes	409,099	-	409,099
Physical plant and equipment	866,018	-	866,018
Capital projects	1,769,427	-	1,769,427
Student activities	230,793	-	230,793
Unrestricted	4,254,931	240,951	2,061,049
Total net position	$ 32,243,690	521,923	32,765,613

See notes to financial statements.

Exhibit B

Dallas Center-Grimes Community School District
Statement of Activities
Year ended June 30, 2014

		Program Revenues		Net (Expense) Revenue & Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs						
Governmental activities:						
Instruction:						
Regular instruction	$ 9,796,736	2,098,675	1,958,111	(5,739,950)	-	(5,739,950)
Special instruction	3,588,425	307,261	334,828	(2,946,336)	-	(2,946,336)
Other instruction	2,644,502	455,815	91,373	(2,097,314)	-	(2,097,314)
	16,029,663	2,861,751	2,384,312	(10,783,600)	-	(10,783,600)
Support Services:						
Student	599,794	-	-	(599,794)	-	(599,794)
Instructional staff	1,182,734	-	-	(1,182,734)	-	(1,182,734)
Administration	2,735,240	-	-	(2,735,240)	-	(2,735,240)
Operating and maintenance of plant	2,728,356	-	-	(2,728,356)	-	(2,728,356)
Transportation	1,309,989	52,895	22,717	(1,234,377)	-	(1,234,377)
	8,556,113	52,895	22,717	(8,480,501)	-	(8,480,501)
Other expenditures:						
Facilities acquisition	1,084,739	-	-	(1,084,739)	-	(1,084,739)
Long-term debt interest	1,449,603	-	-	(1,449,603)	-	(1,449,603)
AEA flowthrough	823,740	-	823,740	-	-	-
	3,358,082	-	823,740	(2,534,342)	-	(2,534,342)
Total governmental activities	27,943,858	2,914,646	3,230,769	(21,798,443)	-	(21,798,443)
Business type activities:						
Non-instructional programs:						
Food service operations	1,321,097	918,432	393,491	-	(9,174)	(9,174)
Student construction	241,665	201,057	-	-	(40,608)	(40,608)
Farm account	2,429	2,705	-	-	276	276
Total business type activities	1,565,191	1,122,194	393,491	-	(49,506)	(49,506)
Total primary government	$ 29,509,049	4,036,840	3,624,260	(21,798,443)	(49,506)	(21,847,949)

Exhibit B

Dallas Center-Grimes Community School District
Statement of Activities
Year ended June 30, 2014

	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Net (Expense) Revenue & Changes in Net Position: Governmental Activities	Net (Expense) Revenue & Changes in Net Position: Business Type Activities	Total
Totals from previous page	$ 29,509,049	4,036,840	3,624,260	(21,798,443)	(49,506)	(21,847,949)
General Revenues:						
Property tax levied for:						
General purposes				7,664,601	-	7,664,601
Debt service				3,035,476	-	3,035,476
Capital outlay				1,184,920	-	1,184,920
Statewide sales, services and use tax				1,874,433	-	1,874,433
Unrestricted state grants				9,013,096	-	9,013,096
Unrestricted investment earnings				72,125	532	72,657
Other				1,295,209	-	1,295,209
Contributions not restricted to specific programs				26,860	-	26,860
Contributed capital				-	37,646	37,646
Total general revenues				24,166,720	38,178	24,204,898
Change in net position				2,368,277	(11,328)	2,356,949
Net position beginning of year				29,875,413	533,251	30,408,664
Net position end of year				$ 32,243,690	521,923	32,765,613

See notes to financial statements.

Exhibit C

Dallas Center-Grimes Community School District
Balance Sheet
Governmental Funds
June 30, 2014

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Assets					
Cash and pooled investments					
Other	$ 5,261,918	4,207,290	4,103,931	455,280	14,028,419
Receivables:					
Property tax:					
Delinquent	25,864	9,804	3,982	2,222	41,872
Succeeding year	7,383,039	2,330,563	1,224,428	534,998	11,473,028
Due from other funds	-	-	-	189,637	189,637
Due from other governments	379,549	-	146,176	-	525,725
Total assets	$ 13,050,370	6,547,657	5,478,517	1,182,137	26,258,681
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$ 278,384	-	329,722	7,247	615,353
Salaries and benefits payable	424,535	-	-	-	424,535
Total liabilities	702,919	-	329,722	7,247	1,039,888
Deferred inflows of resources :					
Unavailable revenues:					
Succeeding year property tax	7,383,039	2,330,563	1,224,428	534,998	11,473,028
Total deferred inflows of resources	7,383,039	2,330,563	1,224,428	534,998	11,473,028
Fund balances:					
Restricted for:					
Categorical funding	137,320	-	-	-	137,320
Debt service	-	4,217,094	-	-	4,217,094
Management levy purposes	-	-	-	409,099	409,099
Student activities	-	-	-	230,793	230,793
School infrastructure	-	-	3,058,349	-	3,058,349
Physical plant and equipment	-	-	866,018	-	866,018
Unassigned	4,827,092	-	-	-	4,827,092
Total fund balances	4,964,412	4,217,094	3,924,367	639,892	13,745,765
Total liabilities, deferred inflows of resources and fund balances	$ 13,050,370	6,547,657	5,478,517	1,182,137	26,258,681

See notes to financial statements.

Exhibit D

Dallas Center-Grimes Community School District
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2014

Total fund balances of governmental funds (Exhibit C)			$ 13,745,765
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:			
Land	$	1,993,829	
Construction in progress		1,397,106	
Buildings		56,613,792	
Improvements		1,436,448	
Vehicles, furniture and equipment		5,933,872	
Accumulated depreciation		(15,622,335)	51,752,712
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:			
General obligation bonds		(28,005,000)	
Sales tax revenue bonds		(4,925,000)	
Bond discounts, net		150,094	
Deferred bond costs, net		358,000	
Bond premiums, net		(17,362)	
Accrued interest payable		(243,358)	
Other postemployment benefits		(63,000)	
Special termination benefits		(509,161)	(33,254,787)
Net position of governmental activities (Exhibit A)			$ 32,243,690

See notes to financial statements.

Exhibit E

Dallas Center-Grimes Community School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year ended June 30, 2014

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Revenues:					
Local sources:					
Local tax	$ 7,065,584	3,035,476	1,184,920	599,017	11,884,997
Tuition	2,160,260	-	-	-	2,160,260
Other	494,488	845,471	349,991	456,345	2,146,295
State sources	11,709,512	554	1,874,647	120	13,584,833
Federal sources	535,750	-	-	-	535,750
Total revenues	21,965,594	3,881,501	3,409,558	1,055,482	30,312,135
Expenditures:					
Current:					
Instruction:					
Regular	9,351,570	-	-	217,189	9,568,759
Special	3,588,540	-	-	-	3,588,540
Other	1,376,365	-	-	438,683	1,815,048
	14,316,475	-	-	655,872	14,972,347
Support services:					
Student	598,037	-	-	-	598,037
Instructional staff	1,057,144	-	-	-	1,057,144
Administration	2,251,684	-	459,944	-	2,711,628
Operation and maintenance of plant	2,214,215	-	23,849	480,862	2,718,926
Transportation	976,225	-	404,174	21,812	1,402,211
	7,097,305	-	887,967	502,674	8,487,946
Other expenditures:					
Facilities acquisition	-	-	2,610,141	-	2,610,141
Long-term debt:					
Principal	-	1,310,000	-	-	1,310,000
Interest and fiscal charges	-	1,386,846	-	-	1,386,846
AEA flowthrough	823,740	-	-	-	823,740
	823,740	2,696,846	2,610,141	-	6,130,727
Total expenditures	22,237,520	2,696,846	3,498,108	1,158,546	29,591,020
Excess (deficiency) of revenues over (under) expenditures	(271,926)	1,184,655	(88,550)	(103,064)	721,115
Other financing sources (uses):					
Operating transfers in	-	289,613	-	-	289,613
Operating transfers out	-	-	(289,613)	-	(289,613)
Total other financing sources (uses)	-	289,613	(289,613)	-	-
Change in fund balances	(271,926)	1,474,268	(378,163)	(103,064)	721,115
Fund balances beginning of year, as restated	5,236,338	2,742,826	4,302,530	742,956	13,024,650
Fund balances end of year	$ 4,964,412	4,217,094	3,924,367	639,892	13,745,765

See notes to financial statements.

Exhibit F

Dallas Center-Grimes Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statement of Activities
Year ended June 30, 2014

Net change in fund balances - total governmental funds (Exhibit E)		$ 721,115
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays, depreciation expense and other transactions involving capital assets in the year are as follows:		
Capital outlays	$ 1,875,289	
Depreciation expense	(1,668,841)	206,448
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
Bond principal repaid	1,310,000	
Amortization of bond premium	3,019	
Amortization of deferred bond costs	(59,667)	
Amortization of bond discount	(11,245)	1,242,107
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 funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		5,136
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:		
Early retirement	159,254	
Other postemployment benefits	34,217	193,471
Change in net position of governmental activities (Exhibit B)		$ 2,368,277

See notes to financial statements.

Exhibit G

Dallas Center-Grimes Community School District
Statement of Net Position
Proprietary Funds
June 30, 2014

	Enterprise Funds
Assets	
Cash and cash equivalents	$ 219,124
Inventories	222,776
Capital assets, net of accumulated depreciation	280,972
Total assets	722,872
Liabilities	
Accounts payable	11,312
Due to other funds	189,637
Total liabilities	200,949
Net Position	
Net investment in capital assets	280,972
Unrestricted	240,951
Total net position	$ 521,923

See notes to financial statements.

Exhibit H

Dallas Center-Grimes Community School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2014

	Enterprise Funds
Operating revenues:	
Local sources:	
Operating revenues	$ 1,122,194
Operating expenses:	
Instructional programs:	
Support services:	
Services	150,772
Supplies	93,322
	244,094
Non-instructional programs:	
Food service operations:	
Services	1,189,473
Supplies	82,108
Depreciation	49,516
	1,321,097
Total operating expenses	1,565,191
Operating loss	(442,997)
Non-operating revenues:	
State sources	10,158
Federal sources	383,333
Interest income	532
Total non-operating revenues	394,023
Income (loss) before other sources (uses)	(48,974)
Other sources (uses)	
Capital contributions	37,646
Total other sources (uses)	37,646
Changes in net position	(11,328)
Net position beginning of year	533,251
Net position end of year	$ 521,923

See notes to financial statements.

Exhibit I

Dallas Center-Grimes Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2014

	Enterprise Funds
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	$ 893,733
Cash received from miscellaneous operating activities	497,896
Cash payments to suppliers for goods or services	(1,675,177)
Net cash used by operating activities	(283,548)
Cash flows from non-capital financing activities:	
State grants received	10,158
Federal grants received	306,490
Net cash provided by non-capital financing activities	316,648
Cash flows from capital and related financing activities:	
Interfund loan	(39,014)
Net cash used by capital and related financing activities	(39,014)
Cash flows from investing activities:	
Interest on investments	532
Net decrease in cash and cash equivalents	(5,382)
Cash and cash equivalents at beginning of year	224,506
Cash and cash equivalents at end of year	$ 219,124
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (442,997)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	76,843
Depreciation	49,516
Decrease in accounts receivable	269,435
(Increase) in inventories	(206,058)
(Decrease) in accounts payable	(30,287)
Net cash used by operating activities	$ (283,548)
Reconciliation of cash and cash equivalents at year end to specific assets included on Statement of Net Assets:	
Current assets:	
Cash and investments	$ 219,124
Cash and cash equivalents at year end	$ 219,124

Non-cash investing, capital and financing activities:

During the year ended June 30, 2014, the District received $76,843 of federal commodities.

See notes to financial statements.

Exhibit J

Dallas Center-Grimes Community School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Cash and pooled investments	$ 176,871	6,021
Total assets	176,871	6,021
Liabilities		
Accounts payable	-	6,021
Total liabilities	-	6,021
Net position		
Reserved for scholarships	176,871	-
Total net assets	$ 176,871	-

See notes to financial statements.

Exhibit K

Dallas Center-Grimes Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2014

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Gifts and contributions	$ 77,815
Interest income	121
Total additions	77,936
Deductions:	
Support services:	
Scholarships awarded	74,100
Change in net position	3,836
Net position beginning of year	173,035
Net position end of year	$ 176,871

See notes to financial statements.

(1) Summary of Significant Accounting Policies

The Dallas Center-Grimes Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades preschool through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Dallas Center and Grimes, Iowa, and the predominate agricultural territory in Dallas County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Dallas Center-Grimes 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.

Dallas Center-Grimes Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but 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 Dallas 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 non-fiduciary 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 non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

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

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

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but 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 that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the

operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The District reports the following major governmental funds:

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

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

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

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Management Fund*:* This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The District's proprietary funds consist of three Enterprise funds: School Nutrition, Student Construction and School Farm Account. These funds are used to account for the food service operations, student construction operations and farm rental operations of the District.

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax revenue recognized in these funds 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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

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 expense when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the Government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Deferred Outflows of Resources - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

Deferred Inflows of Resources - 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

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

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

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

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures exceeded the amount budgeted in the support services function.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2014, the District had investments in the following:

Iowa Schools Joint Investment Trust:		
Diversified Portfolio	$	10,794,129
Bankers Trust:		
ISJIT Diversified Portfolio		596,573
US Treasury Notes		2,438,777
Financial Guaranty Insurance Co		1
MBIA Insurance Corp		1
IPASeducation Program:		
Institutional Money Market		3
	$	13,829,484

Interest rate risk. As a means of limiting exposure to fair value losses arising from rising interest rates, the District's investment policy requires operating funds to be invested in investments that mature within three hundred and ninety-seven days or less. When investing other than operating funds, the investments must mature according to the needs of the funds. Operating funds of the District are funds which are reasonably expected to be used during a current budget year or within fifteen months of receipt.

Credit risk. The investments in the Iowa Schools Joint Investment Trust and the IPASeducation program were both rated Aaa by Moody's Investors Service. The fair value of the District's position in these programs is the same as the value of the program share. The District is authorized by statute to invest public funds not currently needed for operating expenses 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 and the Treasurer of the State of Iowa, and certain joint investment trusts. The District may also invest in commercial paper or other short-term corporate debt that matures within two hundred seventy days that is rated in the highest classification, as established by at least one of the standard rating services approved by the superintendent of banking by rules adopted pursuant to Chapter 17A, provided that at the time of purchase no more than five percent of the investment portfolio shall be invested in the securities of a single issuer.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount	
Debt service	Capital projects	$	289,613
		$	289,613

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,993,829	-	-	1,993,829
Construction in progress	-	1,397,106	-	1,397,106
Total capital assets not being depreciated	1,993,829	1,397,106	-	3,390,935
Capital assets being depreciated:				
Buildings	56,613,792	-	-	56,613,792
Improvements other than buildings	1,436,448	-	-	1,436,448
Furniture and equipment	5,499,681	478,183	43,992	5,933,872
Total capital assets being depreciated	63,549,921	478,183	43,992	63,984,112
Less accumulated depreciation for:				
Buildings	9,212,300	1,119,558	-	10,331,858
Improvements other than buildings	1,205,521	82,709	-	1,288,230
Furniture and equipment	3,579,665	466,574	43,992	4,002,247
Total accumulated depreciation	13,997,486	1,668,841	43,992	15,622,335
Total capital assets being depreciated, net	49,552,435	(1,190,658)	-	48,361,777
Governmental activities capital assets, net	$ 51,546,264	206,448	-	51,752,712
Business type activities:				
Furniture and equipment	$ 655,577	37,646	-	693,223
Less accumulated depreciation	362,735	49,516	-	412,251
Business type activities capital assets, net	$ 292,842	(11,870)	-	280,972

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	$ 406,535
Special	6,012
Other	830,148
Support services:	
Student support	3,607
Instructional staff	127,440
Administration	73,338
Operation and maintenance of plant	12,435
Transportation	209,326
Total governmental activities depreciation expense	$ 1,668,841
Business type activities:	
Food services	$ 49,516

(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	$ 29,315,000	-	1,310,000	28,005,000	1,365,000
GO bond discounts	(100,175)	-	(7,278)	(92,897)	-
GO bond premiums	20,381	-	3,019	17,362	-
Revenue bonds	4,925,000	-	-	4,925,000	-
Revenue bond discounts	(61,164)	-	(3,967)	(57,197)	-
Early retirement	668,415	-	159,254	509,161	147,906
Net OPEB liability	97,217	-	34,217	63,000	-
Total	$ 34,864,674	-	1,495,245	33,369,429	1,512,906

General Obligation Bonds Payable

Details of the District's June 30, 2014 general obligation bonded indebtedness are as follows:

Year ending	Bond Issue of November 1, 2002			Bond Issue of July 1, 2004			Bond Issue of May 1, 2006		
June 30,	Int. Rate %	Principal	Interest	Int. Rate %	Principal	Interest	Int. Rate %	Principal	Interest
2015	1.00	275,000	10,588	4.30	$ 10,000	140,102	1.000	100,000	3,950
2016	-	-	-	4.30	10,000	139,673	-	-	-
2017	-	-	-	4.40	10,000	139,242	-	-	-
2018	-	-	-	4.45	10,000	138,803	-	-	-
2019	-	-	-	4.50	10,000	138,357	-	-	-
2020	-	-	-	4.55	10,000	137,908	-	-	-
2021	-	-	-	4.65	10,000	137,452	-	-	-
2022	-	-	-	4.75	5,000	136,988	-	-	-
2023	-	-	-	5.00	1,335,000	136,750	-	-	-
2024	-	-	-	5.00	1,400,000	70,000	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
		275,000	10,588		2,810,000	1,315,275		100,000	3,950

General Obligation Bonds Payable (continued)

Year ending	Bond Issue of April 1, 2010			Bond Issue of December 1, 2010		
June 30,	Int. Rate %	Principal	Interest	Int. Rate %	Principal	Interest
2015	2.500	680,000	125,085	5.625	-	620,156
2016	2.500	700,000	108,085	5.625	-	620,156
2017	2.650	735,000	90,585	5.625	-	620,156
2018	2.800	765,000	71,108	5.625	-	620,156
2019	3.000	790,000	49,687	5.625	-	620,156
2020	3.150	825,000	25,987	5.625	-	620,156
2021	-	-	-	5.625	-	620,156
2022	-	-	-	5.625	-	620,156
2023	-	-	-	5.625	-	620,156
2024	-	-	-	5.625	-	620,156
2025	-	-	-	5.625	-	620,156
2026	-	-	-	5.625	-	620,156
2027	-	-	-	5.625	-	620,156
2028	-	-	-	5.625	-	620,156
2029	-	-	-	5.625	11,025,000	620,156
		4,495,000	470,537		11,025,000	9,302,340

Year ending	Bond Issue of February 1, 2012			Total		
June 30,	Int. Rate %	Principal	Interest	Principal	Interest	Total
2015	1.000	300,000	156,062	1,365,000	1,055,943	2,420,943
2016	1.000	700,000	153,062	1,410,000	1,020,976	2,430,976
2017	1.000	685,000	146,062	1,430,000	996,045	2,426,045
2018	1.000	690,000	139,212	1,465,000	969,279	2,434,279
2019	1.500	700,000	132,313	1,500,000	940,513	2,440,513
2020	1.500	700,000	121,813	1,535,000	905,864	2,440,864
2021	1.750	1,400,000	111,313	1,410,000	868,921	2,278,921
2022	1.750	1,400,000	86,813	1,405,000	843,957	2,248,957
2023	2.000	150,000	62,313	1,485,000	819,219	2,304,219
2024	2.250	175,000	59,313	1,575,000	749,469	2,324,469
2025	2.250	1,300,000	55,375	1,300,000	675,531	1,975,531
2026	2.375	1,100,000	26,125	1,100,000	646,281	1,746,281
2027	-	-	-	-	620,156	620,156
2028	-	-	-	-	620,156	620,156
2029	-	-	-	11,025,000	620,156	11,645,156
		9,300,000	1,249,776	$28,005,000	12,352,466	40,357,466

Crossover Refundings – February 1, 2012

On February 1, 2012, the District issued $9,500,000 in general obligation bonds to advance refund $4,190,000 of outstanding general obligation bonds dated November 1, 2002, and $5,015,000 of outstanding general obligation bonds dated May 1, 2006, in a crossover refunding. The proceeds of the refunding bonds have been placed in an irrevocable escrow account and have been invested in U.S. Government Obligations which have been certified to be sufficient to pay all principal and interest due on the Series 2002 bonds after November 1, 2013, and principal and interest due on the Series 2006 bonds after December 1, 2013. The new refunding bonds have been added to the appropriate financial statements and schedules. The district remains contingently liable in the remote possibility the account is insufficient to pay the refunding bonds. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by $1,839,215 and resulted in an economic gain of $1,496,858.

Revenue Bonds

Details of the District's June 30, 2014 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year ending	Bond Issue of December 1, 2010		
June 30,	Int. Rate %	Principal	Interest
2015	5.850	$ -	288,112
2016	5.850	-	288,113
2017	5.850	-	288,112
2018	5.850	-	288,113
2019	5.850	-	288,112
2020	5.850	-	288,113
2021	5.850	-	288,112
2022	5.850	-	288,113
2023	5.850	-	288,112
2024	5.850	-	288,113
2025	5.850	-	288,112
2026	5.850	-	288,113
2027	5.850	-	288,112
2028	5.850	-	288,113
2029	5.850	-	288,112
2030	5.850	4,925,000	144,056
		$ 4,925,000	4,465,743

The District has pledged future statewide sales, services and use tax revenues to repay the $4,925,000 of bonds issued in December 2012. The bonds were issued for the purpose of financing a portion of the costs of a new school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not 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 nearly 33% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is $4,465,743. For the current year, $288,113 of interest was paid on the bonds and total statewide sales, services and use tax revenues were $1,874,433.

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

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

The District did comply with all of the revenue bond provisions during the year ended June 30, 2014.

(6) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer 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. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012, were $1,226,602, $1,084,974, and $952,443, respectively, equal to the required contributions for each year.

(7) Other Post-Employment Benefits (OPEB)

Plan Description - The District operates a retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 310 active and 24 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is purchased through an outside provider. 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.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	$ 233,000
Interest on net OPEB obligation	4,000
Adjustment to annual required contribution	(6,000)
Annual OPEB cost	231,000
Contributions made	(265,217)
Increase in net OPEB obligation	(34,217)
Net OPEB obligation beginning of year	97,217
Net OPEB obligation end of year	$ 63,000

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed $265,217 to the medical plan. Plan members eligible for benefits were not required to contribute.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	$ 204,000	76.47%	$ 48,000
June 30, 2011	204,559	76.26%	96,559
June 30, 2012	190,000	100.53%	95,559
June 30, 2013	192,658	99.14%	97,217
June 30, 2014	231,000	114.81%	63,000

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was $2,016,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $2,016,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately $13,000,000, and the ratio of the UAAL to covered payroll was 15.5%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2013 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2013 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2013.

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Termination Benefits

The District offered a voluntary early retirement plan to its full-time, certified employees. Eligible employees must have been at least age fifty-five and must have completed fifteen years of continuous service to the District, except for administrators who must have completed ten years. Employees must have completed an application which is subject to approval by the Board of Education. The benefits are arrived at by taking the average salary over the last fifteen years times a percentage at the time of early retirement. The percentage starts at 25% at age 55 and decreases each year to 0% at age 65. Early retirement expenditures for the year ended June 30, 2014 totaled $159,254.

(9) Risk Management

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

(10) 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 $823,740 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Related Party Transaction

The District had business transactions totaling $3,909 between the District and District officials during the year ended June 30, 2014.

(12) Construction Commitment

The District has entered into various contracts totaling $1,638,651 for an addition to Northridge Elementary. As of June 30, 2014, costs of $1,397,106 had been incurred against the contracts. The balance of $241,545 will be paid as work on the project progresses.

(13) Restatement

The beginning Debt Service fund balance was adjusted downwards in the amount of $417,667 due to a change in accounting method regarding deferred bond costs. Beginning net position remained unchanged.

(14) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27.* This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

Required Supplementary Information

Dallas Center-Grimes Community School District
Budgetary Comparison Schedule of Revenues, Expenditures, and Changes in Balances
Budget and Actual - All Governmental Funds and Proprietary Funds
Required Supplementary Information
Year ended June 30, 2014

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance-Favorable (Unfavorable)
Revenues:						
Local sources	$ 16,191,552	1,122,726	17,314,278	16,146,270	16,146,270	1,168,008
State sources	13,584,833	10,158	13,594,991	13,879,039	13,879,039	(284,048)
Federal sources	535,750	383,333	919,083	1,580,825	1,580,825	(661,742)
Total revenues	30,312,135	1,516,217	31,828,352	31,606,134	31,606,134	222,218
Expenditures:						
Instruction	14,972,347	-	14,972,347	16,043,508	16,043,508	1,071,161
Support services	8,487,946	244,094	8,732,040	8,178,348	8,603,348	(128,692)
Non-instructional programs	-	1,321,097	1,321,097	1,311,591	1,511,591	190,494
Other expenditures	6,130,727	-	6,130,727	6,118,424	6,318,424	187,697
Total expenditures	29,591,020	1,565,191	31,156,211	31,651,871	32,476,871	1,320,660
Excess (deficiency) of revenues over (under) expenditures	721,115	(48,974)	672,141	(45,737)	(870,737)	1,542,878
Other financing sources, net	-	37,646	37,646	-	-	37,646
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	721,115	(11,328)	709,787	(45,737)	(870,737)	1,580,524
Balance beginning of year, as restated	13,024,650	533,251	13,557,901	21,227,012	21,227,012	(7,669,111)
Balance end of year	$ 13,745,765	521,923	14,267,688	21,181,275	20,356,275	(6,088,587)

See accompanying independent auditor's report.

(1) Basis of Presentation

The District operates within the budget requirements for school districts as specified by state law and as prescribed by the Iowa Department of Management. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

For the fiscal year beginning July 1, a proposed budget is adopted by the Board and filed with the County Auditor no later than April 15. The budget is certified by the County Auditor to the Department of Management.

Once adopted, the budget can be amended by the Board. The amendment must be published and a public hearing conducted prior to the amendment. Any amendments must be certified to the County Auditor no later than May 31. The proposed expenditure budget is advertised in the local newspaper, together with a notice of public hearing.

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the functional area for a budgeted governmental, enterprise and private purpose trust funds in total, rather than by individual fund type. Formal and legal budgetary control is based on four major classes of expenditures known as functional areas. These four functional areas are instruction, support services, non-instructional programs and other expenditures. During the year ended June 30, 2014, the District over-expended the support services functional area by $128,692. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. Authorized expenditures cannot exceed the lesser of the certified budget plus any allowable amendments, or the authorized budget, which is the sum of the District's cost for that year plus the actual miscellaneous income received for that year plus the actual unspent balance from the preceding year. Appropriations, as adopted and amended, lapse at the end of the fiscal year.

The District is required by the Code of Iowa to budget for its share of media, education services and special education support provided through the local area education agency. The District's actual amount for this purpose totaled $$823,740 for the year ended June 30, 2014.

Dallas Center-Grimes Community School District
Schedule of Funding Progress for the Retiree Health Plan
Required Supplementary Information
Year ended June 30, 2014

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	$ -	2,190,000	2,190,000	0.0%	$ 10,300,000	21.3%
2011	July 1, 2009	-	2,190,000	2,190,000	0.0%	10,800,000	20.3%
2012	July 1, 2011	-	1,968,000	1,968,000	0.0%	11,400,000	17.3%
2013	July 1, 2011	-	1,968,000	1,968,000	0.0%	12,500,000	15.7%
2014	July 1, 2013	-	2,016,000	2,016,000	0.0%	13,000,000	15.5%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Schedule 1

Dallas Center-Grimes Community School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2014

	Special Revenue Funds		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	$ 217,240	238,040	455,280
Receivables:			
Property tax:			
Delinquent	2,222	-	2,222
Succeeding year	534,998	-	534,998
Due from other funds	189,637	-	189,637
Total assets	$ 944,097	238,040	1,182,137
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts Payable	$ -	7,247	7,247
Total liabilities	-	7,247	7,247
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	534,998	-	534,998
Total deferred inflows of resources	534,998	-	534,998
Fund balances:			
Restricted for:	409,099	-	409,099
Management levy purposes	-	230,793	230,793
Student activities	409,099	230,793	639,892
Total fund balances			
Total liabilities, deferred inflows of resources and fund balances	$ 944,097	238,040	1,182,137

See accompanying independent auditor's report.

Schedule 2

Dallas Center-Grimes Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year ended June 30, 2014

	Special Revenue Funds		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	$ 599,017	-	599,017
Other	-	456,345	456,345
State sources	120	-	120
Total revenues	599,137	456,345	1,055,482
Expenditures:			
Current:			
Instruction:			
Regular	217,189	-	217,189
Other	-	438,683	438,683
Support Services:			
Operation and maintenance of plant	480,862	-	480,862
Transportation	21,812	-	21,812
Total expenditures	719,863	438,683	1,158,546
Excess (deficiency) of revenues over (under) expenditures	(120,726)	17,662	(103,064)
Fund balances beginning of year	529,825	213,131	742,956
Fund balances end of year	$ 409,099	230,793	639,892

See accompanying independent auditor's report.

Schedule 3

Dallas Center-Grimes Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
HS Annual	$ 4,155	2,110	6,747	1,482	1,000
HS Art Club	1,157	-	-	-	1,157
Athletics	1,873	59,242	29,492	(22,622)	9,001
Athletics Resale	283	23,068	29,301	5,950	-
HS/MS/Elem Band Resale	4,790	8,679	1,908	(1,692)	9,869
Baseball	-	9,449	11,914	2,465	-
Boosters	-	51,821	46,664	(5,157)	-
Boys/Girls Basketball	494	30,789	34,853	3,570	-
Character Counts	418	-	-	-	418
Class of:					
2010	-	-	2,219	2,219	-
2011	-	3,140	3,028	-	112
2013	2,326	-	1,953	(373)	-
2014	1,894	270	175	(1,847)	142
2015	4,812	3,843	1,047	-	7,608
2016	2,957	3,145	-	-	6,102
Cross Country	-	1,596	2,605	1,009	-
DC Presbyter Student Emergency Fund	5,579	1,000	1,214	-	5,365
Dig Pink Volleyball	45	-	-	-	45
Drama/Speech	-	50	1,742	1,692	-
Drill Team	319	-	-	-	319
Equip Repair	-	5,042	2,577	-	2,465
Football	6,849	56,126	59,500	-	3,475
HS French Club	685	-	-	-	685
FFA	9,649	14,180	14,386	-	9,443
FHA	2,321	-	153	-	2,168
Girls Softball	-	10,850	15,251	4,401	-
Golf	1,244	-	5,608	4,364	-
HS Bakers	1,123	1,654	2,484	-	293
HS Enterprise	272	-	-	-	272
HS Student Council	3,003	4,003	682	-	6,324
HS Honor Society	931	2,508	1,807	-	1,632
HS Cheerleading	65	100	2,391	2,226	-
HS Dance Marathon	300	4,297	4,249	-	348
HS Juice/Pop Machine	4,137	15,717	9,651	(3,708)	6,495
HS Sign-Monument Fundraiser	122	-	-	-	122
HS Band/Vocal Fundraiser	-	-	360	360	-
Horticulture Club	202	933	210	-	925
Interest	6,463	530	99	-	6,894
Soccer	-	13,051	12,370	-	681
HS Drama/Musical	11,385	2,399	664	-	13,120
MS Drama/Musical	1,912	1,157	-	-	3,069
P.A.L.S.	1,866	1,063	-	-	2,929
Picture Fund	11,283	8,737	9,696	-	10,324
SADD	380	-	-	-	380

Schedule 3

Dallas Center-Grimes Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Spanish Club	638	-	-	-	638
Track	2,669	10,324	12,687	-	306
Volleyball	-	6,266	9,047	2,781	-
Washington DC fundraiser	1,148	4,039	5,187	-	-
Wind Commissioning Project	1,000	-	-	-	1,000
Wrestling	-	8,732	11,972	3,240	-
Meadows Yearbook	1,395	923	3,382	2,000	936
HS/MS/Elem Vocal Resale	7,215	12,518	15,812	-	3,921
Jr. High Annual	7,455	1,649	-	(2,000)	7,104
Jr. High Cheerleading	1,906	-	-	-	1,906
Jr. High Home Economics	-	-	6,233	6,233	-
Jr. High Juice/Pop Machine	12,125	36,598	29,475	(6,245)	13,003
Jr. High Student Council	6,686	1,066	490	-	7,262
MS Athletics	4	971	-	-	975
MS Band/Vocal Fundraiser	3,758	-	-	(360)	3,398
Northridge Fundraiser	4,786	3,811	2,808	(459)	5,330
Meadows Pop Fundraiser	3,007	4,439	4,622	-	2,824
Meadows Student Council	3,351	2,760	2,040	-	4,071
Kiwanis Key Club	1,316	4,334	4,709	-	941
Seniors Against Cancer 2010	36	-	-	-	36
K. Reed Baseball Fundraiser	5,607	-	-	-	5,607
FFA Test Plot	16,981	-	2,294	-	14,687
Elementary Fundraiser - Grimes	16,813	7,933	6,497	459	18,708
Elementary Fundraiser - D.C.	18,943	8,098	3,418	-	23,623
DC Memorial Bricks	-	-	12	12	-
Elementary Student Council	998	1,335	998	-	1,335
Total	$ 213,131	456,345	438,683	-	230,793

See accompanying independent auditor's report.

Schedule 4

Dallas Center-Grimes Community School District
Combining Balance Sheet
Capital Project Accounts
June 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	$ 3,198,918	905,013	4,103,931
Receivables:			
Property tax:			
Delinquent	-	3,982	3,982
Succeeding year	-	1,224,428	1,224,428
Due from other governments	146,176	-	146,176
Total assets	$ 3,345,094	2,133,423	5,478,517
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts Payable	$ 286,745	42,977	329,722
Total liabilities	286,745	42,977	329,722
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	1,224,428	1,224,428
Total deferred inflows of resources	-	1,224,428	1,224,428
Fund balances:			
Restricted for:			
School infrastructure	3,058,349	-	3,058,349
Physical plant and equipment	-	866,018	866,018
Total fund balances	3,058,349	866,018	3,924,367
Total liabilities, deferred inflows of resources and fund balances	$ 3,345,094	2,133,423	5,478,517

See accompanying independent auditor's report.

Schedule 5

Dallas Center-Grimes Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Project Accounts
Year ended June 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	$ -	1,184,920	1,184,920
Other	2,106	347,885	349,991
State sources	1,874,433	214	1,874,647
Total revenues	1,876,539	1,533,019	3,409,558
Expenditures:			
Support services:			
Administration	-	459,944	459,944
Operation and maintenance of plant	-	23,849	23,849
Transportation	-	404,174	404,174
Other expenditures:			
Facilities acquisition	1,625,081	985,060	2,610,141
Total expenditures	1,625,081	1,873,027	3,498,108
Excess (deficiency) of revenues over (under) expenditures	251,458	(340,008)	(88,550)
Other financing uses:			
Operating transfers out	(289,613)	-	(289,613)
Total other financing uses	(289,613)	-	(289,613)
Change in fund balances	(38,155)	(340,008)	(378,163)
Fund balances beginning of year	3,096,504	1,206,026	4,302,530
Fund balances end of year	$ 3,058,349	866,018	3,924,367

See accompanying independent auditor's report.

Schedule 6

Dallas Center-Grimes Community School District
Combining Statement of Net Assets
Proprietary Funds
June 30, 2014

	Enterprise Funds			
	School Nutrition	Student Construction	Farm Account	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 207,843	-	11,281	219,124
Inventories	21,827	200,949	-	222,776
Total current assets	229,670	200,949	11,281	441,900
Non-current assets:				
Machinery and equipment	693,223	-	-	693,223
Accumulated depreciation	(412,251)	-	-	(412,251)
Total non-current assets	280,972	-	-	280,972
Total assets	510,642	200,949	11,281	722,872
Liabilities				
Current liabilities:				
Accounts payable	-	11,312	-	11,312
Due to other funds	-	189,637	-	189,637
Total current liabilities	-	200,949	-	200,949
Net assets				
Net investment in capital assets	280,972	-	-	280,972
Unrestricted	229,670	-	11,281	240,951
Total net assets	$ 510,642	-	11,281	521,923

See accompanying independent auditor's report.

Schedule 7

Dallas Center-Grimes Community School District
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2014

	Enterprise Funds			
	School Nutrition	Student Construction	Farm Account	Total
Operating revenue:				
Local sources:				
Other local sources:				
Food service sales	$ 893,733	-	-	893,733
Other operating revenue	24,699	201,057	2,705	228,461
Total operating revenues	918,432	201,057	2,705	1,122,194
Operating expenses:				
Instructional programs:				
Support services:				
Services	-	150,772	-	150,772
Supplies	-	90,893	2,429	93,322
	-	241,665	2,429	244,094
Non-instructional programs:				
Food services operations:				
Services	1,189,473	-	-	1,189,473
Supplies	82,108	-	-	82,108
Depreciation	49,516	-	-	49,516
	1,321,097	-	-	1,321,097
Total operating expenses	1,321,097	241,665	2,429	1,565,191
Operating income (loss)	(402,665)	(40,608)	276	(442,997)
Non-operating revenue:				
State lunch and breakfast program claims	10,158	-	-	10,158
National school lunch program	270,807	-	-	270,807
School breakfast program	35,683	-	-	35,683
Federal food commodities revenue	76,843	-	-	76,843
Interest income	532	-	-	532
Total non-operating revenues	394,023	-	-	394,023
Income (loss) before other sources (uses)	(8,642)	(40,608)	276	(48,974)
Other sources				
Capital contributions	37,646	-	-	37,646
Total other sources	37,646	-	-	37,646
Change in net assets	29,004	(40,608)	276	(11,328)
Net position beginning of year	481,638	40,608	11,005	533,251
Net position end of year	$ 510,642	-	11,281	521,923

See accompanying independent auditor's report.

Schedule 8

Dallas Center-Grimes Community School District
Combining Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2014

	Enterprise Funds			
	School Nutrition	Student Construction	Farm Account	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	$ 893,733	-	-	893,733
Cash received from miscellaneous operating activities	24,699	470,492	2,705	497,896
Cash payments to suppliers for goods or services	(1,241,270)	(431,478)	(2,429)	(1,675,177)
Net cash used by financing activities	(322,838)	39,014	276	(283,548)
Cash flows from non-capital financing activities:				
State grants received	10,158	-	-	10,158
Federal grants received	306,490	-	-	306,490
Net cash provided by non-capital financing activities	316,648	-	-	316,648
Cash flows from capital and related financing activities:				
Interfund loan	-	(39,014)	-	(39,014)
Net cash used by capital and related financing activities	-	(39,014)	-	(39,014)
Cash flows from investing activities:				
Interest on investments	532	-	-	532
Net increase in cash and cash equivalents	(5,658)	-	276	(5,382)
Cash and cash equivalents at beginning of year	213,501	-	11,005	224,506
Cash and cash equivalents at end of year	$ 207,843	-	11,281	219,124
Reconciliation of operating income (loss) to net cash used by operating activities:				
Operating income (loss)	$ (402,665)	(40,608)	276	(442,997)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Commodities received	76,843	-	-	76,843
Depreciation	49,516	-	-	49,516
Decrease (increase) in accounts receivable	-	269,435	-	269,435
Increase in inventories	(5,109)	(200,949)	-	(206,058)
Increase (decrease) in accounts payable	(41,423)	11,136	-	(30,287)
Net cash used by operating activities	$ (322,838)	39,014	276	(283,548)
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:				
Current assets:				
Cash and investments	$ 207,843	-	11,281	219,124
Cash and cash equivalents at year end	$ 207,843	-	11,281	219,124

Non-cash investing, capital and financing activities:

During the year ended June 30, 2014, the District received $76,843 of federal commodities.

See accompanying independent auditor's report.

Schedule 9

Dallas Center-Grimes Community School District
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year ended June 30, 2014

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash	$ 3,047	118,961	115,987	6,021
Total assets	$ 3,047	118,961	115,987	6,021
Liabilities				
Accounts payable	$ 3,047	118,961	115,987	6,021
Total liabilities	$ 3,047	118,961	115,987	6,021

See accompanying independent auditor's report.

Schedule 10

Dallas Center-Grimes Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Local sources:										
Local tax	$ 11,884,997	12,649,685	12,949,278	12,739,378	11,363,921	10,619,714	9,825,186	9,082,518	8,307,448	7,758,249
Tuition	2,160,260	1,880,643	1,980,567	1,500,763	1,395,539	1,012,133	843,932	856,003	762,661	551,096
Other	2,146,295	1,149,854	1,066,535	950,438	857,296	1,086,116	1,020,355	1,291,850	749,178	853,784
Intermediate sources	-	-	-	-	-	-	-	-	-	9,160
State sources	13,584,833	10,203,422	9,543,447	8,604,944	7,016,341	8,078,842	7,211,170	6,619,458	6,250,822	5,759,194
Federal sources	535,750	1,294,504	1,545,858	1,024,959	1,428,832	572,324	305,557	286,065	183,603	190,888
Total	$ 30,312,135	27,178,108	27,085,685	24,820,482	22,061,929	21,369,129	19,206,200	18,135,894	16,253,712	15,122,371
Expenditures:										
Instruction:										
Regular	$ 9,568,759	9,017,465	8,501,484	7,849,462	7,355,452	7,088,478	6,290,307	5,628,941	5,164,281	4,836,598
Special	3,588,540	3,119,983	2,755,783	2,634,941	2,641,397	2,553,384	2,043,222	2,007,372	2,283,500	1,726,074
Other	1,815,048	1,641,719	1,588,602	1,348,211	1,268,276	1,403,303	1,118,647	1,134,497	520,020	833,671
Support services:										
Student	598,037	490,337	460,271	447,669	304,895	280,913	308,091	313,631	262,652	274,129
Instructional staff	1,057,144	859,640	762,515	674,401	622,790	625,916	728,554	641,692	607,481	596,483
Administration	2,711,628	2,118,846	2,032,968	2,031,545	1,849,610	1,574,775	1,266,285	1,105,159	1,020,140	996,449
Operation and maintenance of plant	2,718,926	2,227,993	2,253,378	1,955,381	1,924,219	1,906,595	1,711,100	1,701,335	1,540,756	1,448,043
Transportation	1,402,211	1,252,583	1,002,860	945,413	922,979	734,216	908,382	684,799	677,594	705,590
Other expenditures:										
Facilities acquisition	2,610,141	2,648,167	15,272,641	2,222,456	414,834	1,685,470	6,838,285	2,855,622	1,830,565	4,100,500
Long-term debt:										
Principal	1,310,000	1,075,000	1,245,000	1,160,000	1,285,301	1,703,506	1,761,407	3,419,786	1,475,000	1,090,000
Interest and other charges	1,386,846	1,872,183	2,062,644	1,058,320	1,011,053	1,031,399	1,092,893	1,171,975	1,053,011	1,115,523
AEA flowthrough	823,740	729,350	700,651	731,714	689,348	602,958	528,510	483,562	445,711	412,728
Total	$ 29,591,020	27,053,266	38,638,797	23,059,513	20,290,154	21,190,913	24,595,683	21,148,371	16,880,711	18,135,788

See accompanying independent auditor's report.

Schedule 11

Dallas Center-Grimes Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2014

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 14	$ 35,683
National School Lunch Program	10.555	FY 14	347,650
			383,333
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 14	96,896
Career and Technical Education - Basic Grants to States	84.048	FY 14	80,711
Advanced Placement Program	84.330	FY 14	681
Improving Teacher Quality State Grants	84.367	FY 14	25,932
Grants for State Assessments and Related Activities	84.369	FY 14	12,975
Area Education Agency:			
Special Education - Grants to States	84.027	FY 14	95,720
U.S. Department of Health and Human Services:			
Iowa Department Of Education:			
AIDS Education	93.938	FY 14	170
Total			$ 696,418

See Notes to Schedule of Expenditures of Federal Awards.

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Dallas Center-Grimes Community School District for the year ended June 30, 2014. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of states, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Significant Accounting Policies

For governmental funds, in accordance with the modified accrual basis of accounting, revenue from federal grants is recognized when they become both measureable and available. For proprietary funds, in accordance with the accrued basis of accounting, revenues from federal grants are recognized in the period they are earned. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

Note 3. Pass-through Funding

Of the federal expenditures presented in the schedule, the District provided federal awards to subrecipients as follows:

Program Title	Federal CFDA	Amount Provided to
Career and Technical Education - Basic Grants to States	84.048	$ 61,100

Note 4. Noncash Assistance

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of $76,843 related to USDA Commodities grants provided by the U.S. Department of Agriculture passed through the Iowa Department of Education, CFDA No. 10.555.

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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 Dallas Center-Grimes Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Dallas Center-Grimes Community School District, cities of Dallas Center and Grimes, Iowa, as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 6, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Dallas Center-Grimes School District's Responses to the Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Dallas Center-Grimes Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

November 6, 2014

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Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133

To the Board of Education of Dallas Center-Grimes Community School District:

Report on Compliance for Each Major Federal Program

We have audited Dallas Center-Grimes Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Dallas Center-Grimes Community School District's major federal programs for the year ended June 30, 2014. Dallas Center-Grimes Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Dallas Center-Grimes Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dallas Center-Grimes Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Dallas Center-Grimes Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Dallas Center-Grimes Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The management of Dallas Center-Grimes Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dallas Center-Grimes Community School District's internal control over compliance with type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dallas Center-Grimes Community School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

November 6, 2014

Part I: Summary of the Independent Auditor's Results

(a) Unmodified opinions were issued on the financial statements.

(b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.

(e) An unmodified opinion was issued on compliance with requirements applicable to each major program.

(f) Major programs were as follows:

- Clustered Programs:
  - CFDA Number 10.553 – School Breakfast Program
  - CFDA Number 10.555 – National School Lunch Program

(g) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(h) Dallas Center-Grimes Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-14 Certified Budget - Expenditures for the year ended June 30, 2014, exceeded the certified budget amount in the support services function.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded. However, we would like to note that total expenditures were within budgeted amounts.

Conclusion – Response accepted.

IV-B-14 Questionable Expenditures - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-14 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.

IV-D-14 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Kent Hicok, Spouse of Board Member	Supplies	$162
Devin Eilers, Child of Board Member	Scholarship	1,000
Emily Gustafson, Child of Board Member	Scholarship	2,000
Lakes Printing, Parents of Elementary Principal, Ann Bass	Printing Services	747

None of the transactions appear to represent a conflict of interest and they appear to be in compliance with board policies.

Recommendation – The District may want to consult legal counsel to determine disposition of this matter.

Response – We will consider the need to consult legal counsel.

Conclusion – Response accepted.

IV-E-14 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 coverage is adequate for current operations.

IV-F-14 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.

IV-G-14 Certified Enrollment - Variances in the basic enrollment data certified to the Department of Education were noted.

Recommendation - The certified enrollment data should be corrected.

Response - We will attempt to correct certified enrollment errors in the future.

Conclusion - Response accepted.

IV-H-14 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-14 Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.

IV-J-14 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.

IV-K-14 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-14 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use 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, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		$ 3,096,504
Revenues/transfers in:		
Sales tax revenues	$ 1,874,433	
Other local revenues	2,106	1,876,539
		4,973,043
Expenditures/transfers out:		
School infrastructure construction	1,625,081	
Transfers to other funds:		
Debt service funds	289,613	1,914,694
Ending balance		$ 3,058,349

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.