

**Woodward-Granger Community School District, Iowa**

**\$1,400,000\* General Obligation School Bonds, Series 2016A**  
**\$4,570,000\* General Obligation School Refunding Bonds, Series 2016B**

(FAST Closing)

(The Issuer will designate the Bonds as Bank-Qualified as discussed more thoroughly herein)

(Book Entry Only)

(PARITY© Bidding Available)

DATE: Thursday, April 21, 2016  
TIME: 1:30 PM  
PLACE: Office of the Superintendent  
1904 State St.  
Granger, IA 50109  
Telephone: (515) 999-8022  
Fax: (515) 999-8025

Standard & Poor's Rating: "A+"

\* 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 Woodward-Granger Community School District, Iowa (the "Issuer")

Re: \$1,400,000\* General Obligation School Bonds, Series 2016A, dated the date of delivery, of the Issuer (the "Series 2016A Bonds")

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

<u>Coupon</u>	<u>Yield</u>	<u>Due</u>	<u>Coupon</u>	<u>Yield</u>	<u>Due</u>
_____	_____	June 1, 2028	_____	_____	June 1, 2033
_____	_____	June 1, 2029	_____	_____	June 1, 2034
_____	_____	June 1, 2030	_____	_____	June 1, 2035
_____	_____	June 1, 2031	_____	_____	June 1, 2036
_____	_____	June 1, 2032	_____	_____	

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

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

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).

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 Community School District, in the Counties of Boone, Dallas and Polk, State of Iowa, this 21st day of April, 2016.

ATTEST: \_\_\_\_\_  
District Secretary

\_\_\_\_\_  
Board President

\* Preliminary, subject to change

**OFFICIAL BID FORM**

TO: Board of Directors of the Woodward-Granger Community School District, Iowa (the "Issuer")

Re: \$4,570,000\* General Obligation School Refunding Bonds, Series 2016B, dated the date of delivery, of the Issuer (the "Series 2016B Bonds")

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

<u>Coupon</u>	<u>Yield</u>	<u>Due</u>	<u>Coupon</u>	<u>Yield</u>	<u>Due</u>
_____	_____	June 1, 2017	_____	_____	June 1, 2023
_____	_____	June 1, 2018	_____	_____	June 1, 2024
_____	_____	June 1, 2019	_____	_____	June 1, 2025
_____	_____	June 1, 2020	_____	_____	June 1, 2026
_____	_____	June 1, 2021	_____	_____	June 1, 2027
_____	_____	June 1, 2022	_____	_____	June 1, 2028

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

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

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).

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 Woodward-Granger Community School District, in the Counties of Boone, Dallas and Polk, State of Iowa, this 21st day of April, 2016.

ATTEST: \_\_\_\_\_  
District Secretary

\_\_\_\_\_  
Board President

\* Preliminary, subject to change

## NOTICE OF SALE

**Time and Place of Sale:** Sealed bids or electronic bids for the sale of General Obligation School Bonds, Series 2016A, of the Woodward-Granger Community School District, in the Counties of Dallas, Polk and Boone, State of Iowa (the "Issuer"), will be received at the office of the Superintendent of the District until 1:30 P.M. on April 21, 2016. 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 5:30 P.M. on the same date.

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

GENERAL OBLIGATION SCHOOL BONDS, SERIES 2016A, in the principal amount of not to exceed \$1,400,000 to be dated June 1, 2016 (the "Bonds").

\*The Issuer may increase or decrease each maturity, but the total amount to be issued will not exceed \$1,400,000.

**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 Superintendent, Woodward-Granger Community School District, Granger, Iowa.
- **Electronic Bidding:** Electronic bids via PARITY® will be received at the office of the Superintendent, Woodward-Granger Community School District, Granger, Iowa. The bids must be submitted through PARITY®.
- **Electronic Facsimile Bidding:** Electronic facsimile bids will be received at the office of the Superintendent, Woodward-Granger Community School District, Granger, Iowa, (515) 999-8025. 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, Woodward Granger Community School District, Administrative Building, 1904 State Street, Granger, Iowa 50109, (515) 999-8022; or Travis Squires, Piper Jaffray & Co., 3900 Ingersoll Avenue, Suite 110, Des Moines, Iowa 50312, (515) 247-2354.

**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 Woodward-Granger Community School District in the Counties of Dallas, Polk and Boone, State of Iowa.

Secretary of the Board of Directors of the Woodward-Granger 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 2016A**, in the principal amount of \$1,400,000\* 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. (the "Series 2016A Bonds")

And

**GENERAL OBLIGATION SCHOOL REFUNDING BONDS, SERIES 2016B**, in the principal amount of \$4,570,000\* 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.(the "Series 2016B Bonds")

(Collectively, the Series 2016A Bonds, and the Series 2016B Bonds, the "Bonds").

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

The dollar amount bid by the Successful Bidder may be changed if the aggregate principal amount of the Bonds, as adjusted as described below, is adjusted, however the interest rates specified by the Successful Bidder for all maturities will not change. The Issuer's 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.

**Optional Redemption:** The Bonds maturing after June 1, 2022, 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 December 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.

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\* Preliminary, subject to change

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 \$14,000\* for the Series 2016A Bonds, payable to the order of the Issuer, is required for each bid to be considered. A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a wire in the amount of \$45,700\* for the Series 2016B 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.

Form of Bids: All bids shall be unconditional for the entire issue of Series 2016A 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. All bids shall be unconditional for the entire issue of Series 2016B Bonds for a price of not less than 99% 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, Woodward-Granger Community School District, 1904 State St., Granger, IA 50109.

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%.

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

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.

**PRELIMINARY OFFICIAL STATEMENT DATED APRIL 6, 2016**

**NEW ISSUE - DTC BOOK ENTRY ONLY**

Rating: "A+"

*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 be designated as "qualified tax-exempt obligations". See "TAX EXEMPTION AND RELATED CONSIDERATIONS" herein for a more detailed discussion.*

**Woodward-Granger Community School District, Iowa  
\$1,400,000\* General Obligation School Bonds, Series 2016A  
\$4,570,000\* General Obligation School Refunding Bonds, Series 2016B**

Dated: Date of Delivery

The General Obligation School Bonds, Series 2016A (the "Series 2016A Bonds") and the General Obligation School Refunding Bonds, Series 2016B (the "Series 2016B Bonds") described above (collectively, 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 December 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, 2022 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**

Series 2016A

<u>Bonds Due</u>	<u>Amount*</u>	<u>Rate *</u>	<u>Yield *</u>	<u>CUSIP #'s **</u>	<u>Bonds Due</u>	<u>Amount*</u>	<u>Rate *</u>	<u>Yield *</u>	<u>CUSIP #'s **</u>
June 1, 2028	\$345,000			980750 HV8	June 1, 2033	\$10,000			980750 JA2
June 1, 2029	5,000			980750 HW6	June 1, 2034	5,000			980750 JB0
June 1, 2030	5,000			980750 HX4	June 1, 2035	10,000			980750 JC8
June 1, 2031	5,000			980750 HY2	June 1, 2036	1,010,000			980750 JD6
June 1, 2032	5,000			980750 HZ9					

Series 2016B

<u>Bonds Due</u>	<u>Amount*</u>	<u>Rate *</u>	<u>Yield *</u>	<u>CUSIP #'s **</u>	<u>Bonds Due</u>	<u>Amount*</u>	<u>Rate *</u>	<u>Yield *</u>	<u>CUSIP #'s **</u>
June 1, 2017	\$295,000			980750 JE4	June 1, 2023	\$325,000			980750 JL8
June 1, 2018	300,000			980750 JF1	June 1, 2024	335,000			980750 JM6
June 1, 2019	300,000			980750 JG9	June 1, 2025	585,000			980750 JN4
June 1, 2020	315,000			980750 JH7	June 1, 2026	590,000			980750 JP6
June 1, 2021	315,000			980750 JJ3	June 1, 2027	605,000			980750 JQ7
June 1, 2022	325,000			980750 JK0	June 1, 2028	280,000			980750 JR5

\$ \_\_\_\_\_ %      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 June 1, 2016. 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 \_\_\_\_\_, 2016

\* 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.

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.

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

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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**  
**WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT, IOWA**  
**\$1,400,000\* GENERAL OBLIGATION SCHOOL BONDS, SERIES 2016A**  
**\$4,570,000\* GENERAL OBLIGATION SCHOOL REFUNDING BONDS, SERIES 2016B**

**INTRODUCTORY STATEMENT**

This Official Statement presents certain information relating to the Woodward-Granger Community School District, Iowa (the “Issuer”), in connection with the sale of the Issuer’s General Obligation School Bonds, Series 2016A (the “Series 2016A Bonds”) and the General Obligation School Refunding Bonds, Series 2016B (the “Series 2016B Bonds”) (collectively, the Series 2016A Bonds and the Series 2016B Bonds, the “Bonds”). The Series 2016A Bonds are being issued to provide funds for i) addition to the elementary facilities and to improve, remodel, repair and furnish the existing elementary and to improve these sites, and ii) to pay costs of issuance for the Bonds. The Series 2016B Bonds are being issued to i) provide funds for the advance refunding of the Issuer’s General Obligation School Bonds, dated June 1, 2008, and ii) to pay cost of issuance for the Bonds. See “**SOURCES AND USES OF FUNDS**” herein.

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

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

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

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

**THE BONDS**

**General**

The Bonds are dated as of the date of delivery and will bear interest at the rates to be set forth on the cover page herein, interest payable on June 1 and December 1 in each year, beginning on December 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 Series 2016A Bonds are being issued pursuant to the Code of Iowa, 2015, as amended, Chapter 296. The Series 2016B Bonds are being issued pursuant to the Code of Iowa, 2015, as amended, Chapter 298.

**Book Entry Only System**

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

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\* Preliminary, subject to change

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Transfer and Exchange**

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

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

### **Prepayment**

Optional Prepayment: The Bonds maturing after June 1, 2022, 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	
<u>Mandatory Sinking Fund Date</u>	<u>Principal Amount</u>
	\$
(maturity)	

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

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 the District.

**BONDHOLDERS' RISKS**

**Tax Levy Procedures**

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

**2013 Property Tax Legislation**

During its 2013 session the Iowa Legislature enacted, and the Governor signed, Senate File 295 ("SF295"). Among other things, SF295 reduces the limit on the annual assessed value growth with respect to residential and agricultural property from 4% to 3%, reduces as a rollback the taxable value applicable to commercial, industrial and railroad property to 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, and provides a partial exemption on telecommunications property. SF295 also creates a new separate classification for multiresidential properties which were previously taxed as commercial properties, and assigns an incremental rollback percentage over several years for multiresidential properties such that the multiresidential rollback determination will match that for residential properties in the 2022 assessment year. As a result of SF295, local governments expect to experience reductions in property tax revenues over the next several fiscal years. SF295 includes state-funded replacement moneys for a portion of the expected reduction in property tax revenues to the local governments, but such replacement funding is limited in both amount and duration of availability. There can be no assurance the state-funded replacement moneys will be provided by the state, if at all, during the term the Bonds remain outstanding. The Issuer does not expect the state replacement funding to fully address the property tax reductions resulting from SF295 during the term the Bonds remain outstanding. While SF295 does not limit the legal obligation or the amount the Issuer may be required to levy for payments of debt service on the Bonds there can be no assurances that SF295 will not have a material adverse impact with respect to the Issuer's financial position.

### **Changes in Property Taxation**

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

### **Matters Relating to Enforceability of Agreements**

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

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

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

### **Secondary Market**

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

### **Pension**

Pursuant to GASB Statement No. 68, the School reported a liability of \$3,747,577 as of June 30, 2015 for its proportionate share of the net pension liability for Iowa Public Employee Retirement System (“IPERS”). The net pension liability is the amount by which the total actuarial liability exceeds the pension plan’s net assets or fiduciary net position (essentially the market value) available for paying benefits. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The School’s proportion of the net pension liability was based on the School’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. As of June 30, 2015, the School’s collective proportion was 0.092599%, which is an increase of 0.006290% from its proportion measured June 30, 2013. **See School’s Audited Financial Statements for Fiscal Year Ending June 30, 2015, Appendix D, for additional information.**

### **Rating**

Standard & Poor’s Corporation (“S&P”) has assigned a rating of “A+” to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P’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.

### **Pending Federal Tax Legislation**

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

### **DTC-Beneficial Owners**

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

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

### **Estimated Fund Balance in the Issuer’s Operating Fund**

During the fiscal year ending June 30, 2014 and 2015, the District experienced general fund expenses which exceeded general fund revenues, causing the District to use unreserved general fund cash balances to pay those expenses. The planned increase in expenses was due to added staffing and other related general fund expenditures because of a significant enrollment increase.

In addition, the District expects increased expenditures in fiscal year ending June 30, 2016 due to opening a new building in the Fall of 2015. The District is expecting these expenses to cause approximately a \$375,000 reduction in unreserved general fund cash balances to pay those expenses. The District is taking action to reduce expenses to match revenues as part of the fiscal year 2017 budget to stabilize the unreserved general fund cash balance.

### **Other Factors**

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

### **Summary**

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

## **LITIGATION**

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

## ACCOUNTANT

The accrual-basis financial statements of the Issuer included as APPENDIX D to this Official Statement have been examined by Nolte, Cornman & Johnson, P.C., Newton, Iowa, 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 Series 2016A 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 Series 2016A Bonds at an aggregate purchase price of \$\_\_\_\_\_ plus accrued interest to the Closing Date.

The Series 2016B 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 Series 2016B Bonds at an aggregate purchase price of \$\_\_\_\_\_ plus accrued interest to the Closing Date.

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

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

## THE PROJECT

The Series 2016A Bonds are being issued to provide funds for i) addition to the elementary facilities and to improve, remodel, repair and furnish the existing elementary and to improve these sites, and ii) to pay costs of issuance for the Bonds. The Series 2016B Bonds are being issued to i) provide funds for the advance refunding of the Issuer's General Obligation School Bonds, dated June 1, 2008, and ii) to pay cost of issuance for the Bonds.

## SOURCES AND USES OF FUNDS \*

Sources of Funds		<u>Series 2016A</u>	<u>Series 2016B</u>
	Bond Proceeds	\$1,400,000.00	4,570,000.00
	Reoffering Premium		
Total Sources of Funds		\$1,400,000.00	4,570,000.00
Uses of Funds			
	Deposit to Project fund	1,350,248.50	
	Deposit to Escrow Fund		4,488,166.13
	Estimated Costs of Issuance	TBD	TBD
	Estimated Underwriter's Discount	TBD	TBD
	Estimated Surplus	TBD	TBD
Total Uses of Funds		\$1,400,000.00	4,570,000.00

\* 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.

#### Qualified Tax Exemption Obligations

Neither the Issuer nor any entities issuing obligations on behalf of the Issuer has, as of the date of this Preliminary Official Statement, issued any obligations in calendar year 2016. Neither the Issuer nor other entities issuing obligations on behalf of the Issuer reasonably expect to issue additional obligations during the calendar year 2016.

The Issuer will designate the Bonds as qualified tax-exempt obligations under Section 265(b)(3)(B) 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.

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

### **FINANCIAL ADVISOR**

The Issuer has retained Piper 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**

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

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

Pursuant to the Rule, in the last five years, the Issuer believes it has complied in all material respects with regard to its prior Disclosure Covenants; provided, however, that for fiscal years ending June 30, 2011 and 2012, the Issuer filed its annual audited financial statements when they became available which was after the date provided in the Issuer's prior Disclosure Covenants. For those same fiscal years, the Issuer did not file a notice that the audit would be filed when available nor did the Issuer file unaudited financial information. Since the audited financial statements were filed, the Issuer did not post unaudited financial statements for those years.

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I have reviewed the information contained within the Official Statement of the Woodward-Granger 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 \$1,400,000\* General Obligation School Bonds, Series 2016A and \$4,570,000\* General Obligation School Refunding Bonds, Series 2016B.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT, STATE OF IOWA

/s/ Bob Torrence  
Board Secretary

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\* Preliminary, subject to change

**APPENDIX A - INFORMATION ABOUT THE ISSUER**

**WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT, IOWA**

**DISTRICT OFFICIALS**

<b>PRESIDENT</b>	Rebecca Carroll
<b>BOARD MEMBERS</b>	Dan Jamison Derek Petry Jennifer Benbow Troy Janssen
<b>SUPERINTENDENT</b>	Brad Anderson
<b>DISTRICT SECRETARY</b>	Bob Torrence
<b>DISTRICT TREASURER</b>	Bob Torrence
<b>DISTRICT ATTORNEY</b>	Ahlers & Cooney, P.C. Des Moines, IA

**CONSULTANTS**

<b>BOND COUNSEL:</b>	Ahlers & Cooney, P.C. Des Moines, IA
<b>DISCLOSURE COUNSEL:</b>	Ahlers & Cooney, P.C. Des Moines, IA
<b>FINANCIAL ADVISOR:</b>	Piper Jaffray & Co. Des Moines, IA
<b>REGISTRAR/PAYING AGENT:</b>	Bankers Trust Company Des Moines, IA

## General Information

The Woodward-Granger Community School District is located adjacent to the northwest corner of the Des Moines Metropolitan Area. Included within the District's 192 square miles are the cities of Woodward and Granger plus unincorporated portions of Dallas, Polk and Boone Counties. Although the area within the district is predominately agriculturally oriented, new homes are being built on acreages as an outgrowth of expansion of the metropolitan area. Residents of the area enjoy excellent commercial and employment opportunities due to the easy commute (15 miles). Transportation facilities are provided by Iowa highways 141, 17 and 210 as well as numerous paved county roads. Commercial airline service is available at the Des Moines International Airport. Continuing educational opportunities within easy commuting distance include Iowa State University, Ames; Des Moines University Osteopathic Medical Center, Drake University, Grandview College and AIB College of Business all located in Des Moines; Des Moines Area Community College, Des Moines and Ankeny; Simpson College, Des Moines and Indianola.

## District Facilities

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

<u>Building</u>	<u>Construction Date</u>	<u>Grades Served</u>
High School	1920, 1957, 1972, 1992, 2008	9-12
Middle School	1957, 1992	6-8
Early Learning Center	1920, 1970, 1992, 2004, 2008	PK-1
Elementary	2015	2-5
Athletic Complex	2010	7-12

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Source: Woodward-Granger CSD

## Enrollment

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

<u>Count Date</u>	<u>Fiscal Year</u>	<u>Enrollment</u>
October-15	2016-17	927.1
October-14	2015-16	928.7
October-13	2014-15	912.3
October-12	2013-14	850.2
October-11	2012-13	846.8

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Source: Iowa Department of Education

## Open Enrollment

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

<u>Fiscal Year</u>	<u>Enrolled In</u>	<u>Enrolled Out</u>	<u>Net</u>
2016-17	108.0	127.6	-19.6
2015-16	80.0	123.0	-43.0
2014-15	67.0	115.3	-48.3
2013-14	74.0	114.9	-40.9
2012-13	53.0	114.0	-61.0

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Source: Iowa Department of Education

**Staff**

Presented below is a list of the District's 128.57 employees.

Administrators:	6.0	Media Specialists:	1.0
Teachers:	64.32	Nurses:	2.0
Teacher Aids:	29.5	Guidance:	2.0
Custodians:	6.75	Secretaries:	6.0
Food Service:	0	Transportation:	10.0
Other:	0	Maintenance:	1.0

Source: Woodward-Granger 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 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 allowed for an "State Percentage of 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 October 1 of each year by the Department of Management of the State.

Presented below is the State percentage of growth the District has received (in total dollars) for the period indicated:

<u>Fiscal Year</u>	<u>Allowable Growth</u>
2016	\$180,208
2015	609,340
2014	122,741
2013	240,932
2012	179,005

Source: Woodward-Granger CSD and Iowa Department of Education

Presented below is the District's per pupil cost for the period indicated:

<u>Fiscal Year</u>	<u>District Per Pupil Cost</u>	<u>State Average Per Pupil Cost</u>
2016	\$6,538	\$6,446
2015	6,458	6,366
2014	6,213	6,121
2013	6,093	6,001
2012	5,975	5,883

Source: Woodward-Granger CSD and Iowa Department of Education

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

<u>Fiscal Year</u>	<u>Property Tax Revenues</u>	<u>State Aid Revenues</u>
2016	\$3,006,010	\$5,534,604
2015	2,892,294	5,447,982
2014	3,011,216	4,719,864
2013	3,056,843	4,685,109
2012	3,107,356	4,357,201

Source: Woodward-Granger CSD and Iowa Department of Education

**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 a public hearing and calling for 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) for a period of up to five years, after scheduling and holding two hearings on the programs and mix of funding, the program can be funded after a 28-day period during which voters of the District can petition for an election or the Board can rescind participation in the program.

Presented below is a summary of the instructional support levy for the periods indicated:

<u>Fiscal Year</u>	<u>ISL Property Tax</u>	<u>ISL State Aid</u>	<u>ISL Income Surtax</u>
2016	\$51,225	\$0	\$381,454
2015	38,410	0	380,485
2014	40,816	0	344,686
2013	9,531	0	365,568
2012	13,573	0	346,962

Source: Woodward-Granger 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 is the management fund levies for the period indicated:

<u>Fiscal Year</u>	<u>Management Levy</u>
2016	\$299,999
2015	300,000
2014	291,999
2013	292,000
2012	250,000

Source: Woodward-Granger CSD and Iowa Department of Education

Educational Improvement Program

The District can schedule and hold an election on funding the educational improvement program if the District's per pupil cost is in excess of 110% of the State average per pupil cost, which takes 50% approval and is funded by a combination of property tax and income surtax.

## Cash Reserve Levy

The District can certify as a part of its general fund levy but in addition to the property tax levied as a part of each of the above general fund levies. 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 period indicated:

<u>Fiscal Year</u>	<u>Regular Cash Reserve</u>	<u>Cash Reserve - SBRC</u>
2016	\$42,000	\$573,535
2015	0	573,535
2014	163,720	589,763
2013	120,000	695,176
2012	295,059	625,000

Source: Woodward-Granger CSD and Iowa Department of Education

## **School Infrastructure Funds**

### Physical Plant & Equipment Levies

The District can, at Board discretion, annually levy on 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 voter authorized Physical Plant and Equipment Levies. The District's voters have approved a levy of \$1.34 per \$1,000 of assessed through fiscal year 2018.

### 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. At an election held on April 2, 2013, the voters of the District approved the issuance of the Series 2016A Bonds. At an election held on May 22, 2007, the voters of the District approved the issuance of the bonds being refunded by the Series 2016B Bonds. Principal and interest on the Bonds will be paid from this levy.

### Capital Projects Fund

This fund is used to account for the revenues received from the state-wide School Infrastructure Sales, Services & Use Tax Revenues.

## **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:

### 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 the fiscal years affected:

<u>Fiscal Year</u>	<u>Percentage Rescission</u>
2010	10.0%
2009	1.5
2004	2.5
2002	4.3

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

Note – reduction in state aid impacts only the general fund operating account of a district. The revenues pledged for the repayment of these Bonds are not impacted in any way by reductions in State Aid.

### 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 district provides a Voluntary Early Retirement Program. This program provides a \$333/month benefit paid by the district towards the health premium, once retired, until Medicare eligibility. This explicit benefit is included in this valuation reflected below. There was most recently 135 eligible active employees that may choose this option upon retirement, and 11 retired employees for which this benefit is already being utilized. This retirement option remains available as a choice for future retirees at this time.

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug dental benefits for retirees and their spouses. There are 151 active and 6 retired members in the plan. Employees must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully insured plan with Wellmark. 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, 2015, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual Required Contribution	\$246,678
Interest on net OPEB obligation	22,124
Adjustment to annual required contribution	(60,887)
Annual OPEB costs (expense)	207,915
Contributions made	(30,217)
Increase in net OPEB obligation	177,698
Net OPEB obligation – beginning of year	884,955
Net OPEB obligation – end of year	1,062,653

For calculation of the net OPEB obligation, the actuary has set the transition day as of July 1, 2011. 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, 2015.

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, 2015 are summarized as follows:

Fiscal Year ended	Annual OPEB Cost	Percentage of Annual OPEB cost contributed	Net OPEB obligation
June 30, 2011	218,535	21.63	336,073
June 30, 2012	234,631	13.81	500,784
June 30, 2013	298,807	20.35	738,798
June 30, 2014	179,137	18.41	884,955
June 30, 2015	207,915	14.53	1,062,653

**Funded Status and Funding Progress** – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$1.286 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.286 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.16 million, and the ratio of the UAAL to the covered payroll was 20.88%. As of June 30, 2015, 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, 2014, actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District’s funding policy. The ultimate medical trend rate is 6%.

Mortality rates are from the Group Annuity Mortality Table projected to 2000, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and employee type.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

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Source: District’s 2015 Independent Audited Financial Statement

**Investment of Public Funds**

The District invests its funds pursuant to Chapter 12B of the Code. Presented below are the District’s investing activities as of February 29, 2016.

Type of Investment	Amount Invested
Local Bank Checking	3,706,386.06
Local Bank Money Market	2,428.54
Local Bank CD	40,000.00
ISJIT Money Market	3.04
ISJIT Time CD’s	2,297,019.98
Total:	6,045,840.62

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Source: Woodward-Granger CSD

## Anticipatory Warrants

The District has not issued anticipatory warrants since 2010:

Source: Iowa School Cash Anticipation Program

## Pensions

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

Contributions. Although the actuarial contribution rates are calculated each year, the contribution rates were set by state law through June 30, 2012 and did not necessarily coincide with the actuarially calculated contribution rate. As a result, from June 30, 2002 through June 30, 2013, the rate allowed by statute was less than the actuarially required rate. Effective July 1, 2012, as a result of a 2010 law change, IPERS contribution rates for the Issuer and its employees are established by IPERS following the annual actuarial valuation (which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization method.) State statute, however, limits the amount rates can increase or decrease each year to one (1) percentage point. Therefore, any difference between the actuarial contribution rates and the contributions paid is due entirely to statutorily set contributions that may differ from the actual contribution rates. As a result, while the contribution rate in the fiscal year ended June 30, 2014 equaled the actuarially required rate, there is no guarantee, due to this statutory limitation on rate increases, that the contribution rate will meet or exceed the actuarially required rate in the future.

In fiscal year 2015, pursuant to the IPERS' required rate, the Issuer's employees contributed 5.95% of pay and the Issuer contributed 8.93% for a total rate of 14.88 percent. The Issuer's contributions to IPERS for the year ended June 30, 2015 were \$591,209 which amount is not less than its actuarially determined calculated annual actuarial valuation. The Issuer's share of the contribution, payable from the applicable funds of the Issuer, is provided by a statutorily authorized annual levy of taxes without limit or restriction as to rate or amount. The Issuer has always made its full required contributions to IPERS.

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

Table 1 – Issuer and Employees Contribution to IPERS.

Fiscal Year	Issuer Contribution		Issuer Employees' Contribution	
	Amount Contributed	% of Covered Payroll	Amount Contributed	% of Covered Payroll
2011	\$336,515	6.95%	\$	4.50%
2012	430,685	8.07		5.38
2013	484,049	8.67		5.78
2014	551,263	8.93		5.95
2015	591,209	8.93		5.95
2016 (1)	NA	8.93		5.95

(1) Budgeted  
SOURCE: The Issuer

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

The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial reports of IPERS for the fiscal years ended June 30, 2015 through, and including, 2011 (collectively, the “IPERS CAFRs (2011-2015)”), and the actuarial valuation reports provided to IPERS by Cavanaugh MacDonald Consulting, LLC (collectively, the “IPERS Actuarial Reports (2011-2015)”). Additional information regarding IPERS and its latest actuarial valuations can be obtained by contacting IPERS administrative staff.

**Table 2 – Funding Status of IPERS**

Valuation Date	Actuarial Value of Assets [a]	Market Value of Assets [b]	Actuarial Accrued Liability [c]	Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]	Funded Ratio (Actuarial Value) [a]/[c]	Unfunded Actuarial Accrued Liability (Market Value) [c]-[b]	Funded Ratio (Market Value) [b]/[c]	Covered Payroll [d]	UAAL as a Percentage of Covered Payroll (Actuarial Value) [[c-a]/[d]]
2011	22,575,309,199	22,772,000	28,257,080,114	5,681,770,915	79.89	28,234,308,114	.08	6,574,872,719	86.42
2012	23,530,094,461	23,025,000	29,446,197,486	5,916,103,025	79.91	29,423,172,486	.07	6,786,158,720	87.18
2013	24,711,096,187	24,757,000	30,498,342,320	5,787,246,133	81.02	30,473,585,320	.08	6,880,131,134	84.12
2014	26,460,428,085	28,039,000	32,004,456,088	5,544,028,003	82.68	31,976,417,088	.09	7,099,277,280	78.09
2015	27,915,379,103	28,430,000	33,370,318,731	5,454,939,628	83.65	33,341,888,731	.09	7,326,348,141	74.46

Source: IPERS CAFRs (2011-2015) and IPERS Actuarial Reports (2011-2015)

For a description of the assumptions used when calculating the funding status of IPERS for the fiscal year ended June 30, 2015, see IPERS CAFRs (2011-2015)

**Table 3 – Recent returns of IPERS**

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

Fiscal Year Ended June 30	Investment Return %
2011	19.91%
2012	3.73
2013	10.12
2014	15.88
2015	3.96

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

Net Pension Liabilities.

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

At June 30, 2015, the Issuer reported a liability of \$3,747,577 for its proportional share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7.5%. The Issuer’s proportion of the net pension liability was based on the Issuer’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. See “APPENDIX D–AUDITED FINANCIAL STATEMENTS OF THE ISSUER–NOTES TO THE FINANCIAL STATEMENTS” for additional information related to the Issuer’s deferred outflows and inflows of resources related to pensions, actuarial assumptions, discount rate and discount rate sensitivity.

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

## Population

Presented below are population figures for the periods indicated for the cities of Woodward and Granger:

<u>Year</u>	<u>Woodward</u>	<u>Granger</u>
2010	1,024	1,244
2006 Est.	1,275	1,004
2000	1,200	583
1990	1,197	624
1980	1,212	619
1970	1,010	661
1960	967	468
1950	908	300
1940	895	324

Total district population according to the 2010 census estimate was 5,052.

Source: U.S. Census Bureau

## Population by Age

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

<u>Age Group</u>	<u>Polk County</u>	<u>Boone County</u>	<u>Dallas County</u>	<u>State of Iowa</u>
Under 19 years of age	28.1%	26.3%	30.7%	26.9%
20 to 24 years of age	6.7	5.2	4.5	7.0
25 to 44 years of age	29.5	23.6	23.8	24.5
45 to 64 years of age	24.9	29.0	31.2	26.7
65 to 84 years of age	9.2	13.3	8.4	12.4
85 and over	1.6	2.6	1.4	2.3
Median Age	34.7	40.8	34.3	38.1

Source: U.S. Census Bureau

## Major Employers

Located in the northwestern portion of the Des Moines Metropolitan area, District residents are employed throughout the metropolitan area. Although the economy of the District is in great part agriculturally oriented, the following employers within the District help to diversify the local economy:

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Employees</u>
The Principal Financial Group	Insurance/Financial Services	8,300
State of Iowa	Government	6,749
United States Government	Government	6,100
Des Moines Indep. School District	Education	5,325
Iowa Health System	Health Care	5,000
Communication Data Service Inc.	Data Entry	3,000
Hy-Vee Food Stores	Grocery Store	2,595
Mercy Health Center of Iowa	Health Care	2,200
Blue Cross & Blue Shield	Insurance	2,066
Bridgestone-Firestone	Manufacturing	1,700
Pioneer Hi-Bred	Agricultural Products	1,428

Source: Locationone.com

## Unemployment Statistics

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

National Average:	5.00%
State of Iowa:	3.40
Polk County	3.30
Dallas County	2.40
Boone County	2.70

Source: Iowa Workforce Development

## Historical Employment Statistics

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

<u>Calendar Year</u>	<u>Polk County</u>	<u>Boone County</u>	<u>Dallas County</u>	<u>State Of Iowa</u>
2014	4.30%	3.30%	3.50%	4.40%
2013	4.80	3.80	3.70	4.60
2012	5.40	4.40	4.30	5.20
2011	6.10	5.10	4.80	5.90
2010	6.60	6.20	5.60	6.70

Source: Iowa Workforce Development

## Retail Sales

Presented below are retail sales statistics for the Cities of Woodward and Granger:

<u>Year Ended</u>	<u>Woodward</u>		<u>Granger</u>	
	<u>Taxable Retail Sales</u>	<u>Number of Businesses</u>	<u>Taxable Retail Sales</u>	<u>Number Of Businesses</u>
2015	\$4,899,946	56	\$9,108,087	29
2014	4,665,614	56	8,534,285	28
2013	4,576,554	57	7,397,129	32
2012	3,705,434	55	8,249,512	30
2011	3,400,826	54	7,594,941	30

Source: Iowa Department of Revenue

## Median Family Income

Polk, Dallas and Boone Counties had an estimated median family income of \$59,844, \$74,876 and \$52,714 compared to \$52,716 for the State of Iowa. The following table represents the distribution of family incomes for the Counties according to the 2009-2014 American Community Survey 5 year estimated table:

<u>Household Income</u>	<u>Polk County</u>		<u>Dallas County</u>		<u>Boone County</u>	
	<u>Number of Households</u>	<u>Percent of Households</u>	<u>Number of Households</u>	<u>Percent of Households</u>	<u>Number of Households</u>	<u>Percent of Households</u>
Under \$10,000	9,984	5.7%	1,001	3.7%	451	4.2%
10,000 to 14,000	6,817	3.9%	701	2.6%	504	4.7%
15,000 to 24,999	15,166	8.7%	1,775	6.6%	1,320	12.4%
25,000 to 34,999	16,792	9.6%	2,190	8.2%	1,074	10.1%
35,000 to 49,999	23,548	13.5%	2,854	10.6%	1,663	15.7%
50,000 to 74,999	34,799	19.9%	4,911	18.3%	2,175	20.5%
75,000 to 99,999	24,699	14.1%	3,903	14.6%	1,460	13.7%
100,000 to 149,999	26,037	14.9%	5,077	18.9%	1,429	13.5%
150,000 to 199,999	9,293	5.3%	2,168	8.1%	295	2.8%
200,000 or more	7,624	4.4%	2,239	8.3%	248	2.3%

Source: U.S. Census Bureau

## **Legislation**

It can be anticipated that, from time to time, legislative proposals may be considered by the Iowa General Assembly that would, if enacted, alter or amend one or more of the tax matters described herein. 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.

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 (apartments, nursing homes, assisted living facilities and certain other rental property) that begins in the 2015 assessment year, and assigns a declining rollback percentage to such properties for each subsequent year until the residential rollback percentage is reached in the 2022 assessment year, after which the rollback percentage for such properties will be equal to the residential rollback percentage each assessment year, 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 2018, the appropriation is a standing unlimited appropriation, but beginning in fiscal year 2018 the standing appropriation cannot exceed the actual 2017 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 properties from the commercial rollback percentage (100% of market value) to the residential rollback percentage (currently 53% of market value), 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's discretion in establishing the annual replacement amount that is appropriated each year commencing in fiscal 2018, the impact of the Act on the Issuer's future property tax collections is uncertain and the Issuer has not attempted to quantify the financial impact of the Act's provisions on the Issuer's future operations. It has been projected by Moody's Investor Service that local governments in Iowa are likely to experience modest reductions in property tax revenues starting in fiscal 2015 as a result of the Act, with sizeable reductions possible starting in fiscal 2018. 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 developments (such as college towns), or significant amounts of telecommunications property. The general operating fund levy of school districts, including the Issuer, may not be affected by the Act because of the way the statutory school funding formula operates. The Act does apply to levies which are outside the school funding formula, including the debt service levy which is used to pay principal and interest on the Bonds.

However, Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation bonds: "The governing authority of a political subdivision specified in section 76.1, subsection 1, 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 the applicable period of time specified in section 76.1. 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. The levy shall continue to be made against property that is severed from the political subdivision after the filing of the resolution until funds are realized to pay the bonds in full. "

## **Property Tax Assessment**

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

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

<u>Fiscal Year</u>	<u>Residential Rollback</u>	<u>Ag. Land &amp; Buildings</u>	<u>Commercial</u>
2016-17	55.6259	46.1068	90.0000
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, 2014 are used to calculate tax liability for the tax year starting July 1, 2015 through June 30, 2016. Presented on the next page are the historic property valuations of the Issuer by class of property.

### Property Valuations

Actual Valuation						
Valuation as of January	2015	2014	2013	2012	2011	2010
Fiscal Year	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
Residential:	301,773,854	283,424,564	274,278,083	268,009,251	263,903,536	264,081,581
Agricultural Land:	110,863,819	116,716,995	116,143,599	88,081,783	88,424,657	67,148,405
Ag Buildings:	3,876,235	5,130,638	4,727,005	3,885,681	3,458,270	3,801,249
Commercial:	20,018,336	23,967,303	22,873,306	21,238,991	20,365,132	20,296,284
Industrial:	111,080	99,560	99,560	99,560	99,560	125,360
Multiresidential:	3,996,273					
Personal RE:	0	0		0	0	0
Railroads:	0	0	0	0	0	0
Utilities:	4,753,152	4,887,948	5,242,859	5,901,121	5,750,864	6,193,748
Other:	9,061	9,061	9,061	9,061	9,153	9,153
<b>Total Valuation:</b>	<b>445,401,810</b>	<b>434,236,069</b>	<b>423,373,473</b>	<b>387,225,448</b>	<b>382,011,172</b>	<b>361,655,780</b>
Less Military:	492,632	511,152	514,856	509,300	496,336	498,188
<b>Net Valuation:</b>	<b>444,909,178</b>	<b>433,724,917</b>	<b>422,858,617</b>	<b>386,716,148</b>	<b>381,514,836</b>	<b>361,157,592</b>
TIF Valuation:	2,138,277	1,577,185	1,762,212	1,589,164	2,450,063	3,264,331
Utility Replacement:	23,376,097	22,019,096	20,515,994	21,053,148	20,626,856	20,080,903
<b>Taxable Valuation</b>						
Valuation as of January	2015	2014	2013	2012	2011	2010
Fiscal Year	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
Residential:	167,762,164	157,463,293	148,663,656	141,553,388	133,935,810	128,134,406
Agricultural Land:	51,115,769	52,174,955	50,405,979	52,790,407	50,880,494	46,342,587
Ag Buildings:	1,787,215	2,293,505	2,051,506	2,328,827	1,989,925	2,623,440
Commercial:	17,825,720	21,525,964	21,701,238	21,238,991	20,365,132	20,296,284
Industrial:	99,972	89,604	94,582	99,560	99,560	125,360
Multiresidential:	3,446,788					
Personal RE:	0	0		0	0	0
Railroads:	0	0	0	0	0	0
Utilities:	4,753,152	4,887,948	5,242,859	5,901,121	5,750,864	6,193,748
Other:	9,061	6,727	9,061	9,061	9,153	9,153
<b>Total Valuation:</b>	<b>246,799,841</b>	<b>238,441,996</b>	<b>228,168,881</b>	<b>223,921,355</b>	<b>213,030,938</b>	<b>203,724,978</b>
Less Military:	492,632	511,152	514,856	509,300	496,336	498,188
<b>Net Valuation:</b>	<b>246,307,209</b>	<b>237,930,844</b>	<b>227,654,025</b>	<b>223,412,055</b>	<b>212,534,602</b>	<b>203,226,790</b>
TIF Valuation:	2,138,277	1,577,185	1,762,212	1,589,164	2,450,063	3,264,331
Utility Replacement:	8,980,811	9,181,537	9,318,744	9,299,225	9,405,476	9,522,736

Valuation	Actual Valuation	% Change in Actual Valuation	Taxable Valuation	% Change in Taxable Valuation
<u>Year</u>	<u>w/ Utilities</u>	<u>Valuation</u>	<u>w/ Utilities</u>	<u>Valuation</u>
2015	470,423,552	2.87%	257,426,297	3.51%
2014	457,321,198	2.74%	248,689,566	4.17%
2013	445,136,823	8.74%	238,734,981	1.89%
2012	409,358,460	1.18%	234,300,444	4.42%
2011	404,591,755	5.22%	224,390,141	3.88%
2010	384,502,826	3.24%	216,013,857	5.35%

Source: Iowa Department of Management

**Tax Rates**

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

<u>Fiscal Year</u>	<u>Operating Fund</u>	<u>Management Fund</u>	<u>Board PPEL</u>	<u>Voter PPEL</u>	<u>Play Ground</u>	<u>Debt Service</u>	<u>School House</u>	<u>Total Levy</u>
2016	12.16323	1.21402	0.33000	1.34000	0.00000	4.00979	0.00000	19.05704
2015	12.20398	1.26597	0.33000	1.34000	0.00000	3.92730	0.00000	19.06725
2014	12.93852	1.25477	0.33000	1.34000	0.00000	3.25001	0.00000	19.11330
2013	13.77328	1.31567	0.33000	1.34000	0.00000	2.73326	0.00000	19.49221
2012	14.60570	1.17509	0.33000	1.34000	0.00000	2.29979	0.00000	19.75058

Source: Iowa Department of Management

**Historic Tax Rates**

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

City of Granger

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Transit</u>	<u>Total Levy Rate</u>
2016	14.61639	19.05704	0.67574	0.00330	0.31371	0.07661	0.54042	3.86494	0.58400	39.73215
2015	15.67609	19.06725	0.65724	0.00330	0.31423	0.08002	0.57912	3.82607	0.51901	40.72233
2014	15.67609	19.11330	0.69120	0.00330	0.31134	0.08087	0.54517	3.87452	0.45400	40.74979
2013	15.75664	19.49221	0.58466	0.00330	0.31173	0.06806	0.60683	4.26780	0.37400	41.46523
2012	15.98886	19.75058	0.59018	0.00300	0.27916	0.06751	0.60911	4.28299	0.22400	41.79539

City of Woodward

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Transit</u>	<u>Total Levy Rate</u>
2016	16.69988	19.05704	0.67574	0.00330	0.31371	0.07661	0.54042	3.86494	0.00000	41.23164
2015	14.91261	19.06725	0.65724	0.00330	0.31423	0.08002	0.57912	3.82607	0.00000	39.43984
2014	15.67609	19.11330	0.69120	0.00330	0.31134	0.08087	0.54517	3.87452	0.00000	40.29579
2013	15.75664	19.49221	0.58466	0.00330	0.31173	0.06806	0.60683	4.26780	0.00000	41.09123
2012	15.98886	19.75058	0.59018	0.00300	0.27916	0.06751	0.60911	4.28299	0.00000	41.57139

Source: Iowa Department of Management

**Tax Collection History**

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

<u>Fiscal Year</u>	<u>Amount Levied</u>	<u>Amount Collected</u>	<u>Percentage Collected</u>
2016	4,718,514	In Collection	In Collection
2015	4,528,566	\$4,525,413	99.93%
2014	4,455,978	\$4,455,544	99.99%
2013	4,336,891	4,301,147	99.18%
2012	4,214,886	4,248,354	100.79%

Source: Woodward-Granger CSD

## Largest Taxpayers

Set forth in the following table are the persons or entities which represent the 2015 largest taxpayers within the Issuer, as provided by the Auditors Offices of each of said counties. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the District. The District's tax levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the District from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the tax levies of the other taxing entities which overlap the properties:

<u>Taxpayer</u>	<u>2015 Taxable Valuation</u>	<u>Percent of Total</u>
MidAmerican Energy Co	4,536,641	1.76%
Bar-Nunn Transportation Inc	3,676,437	1.43%
Northern Natural Gas Co	3,030,831	1.18%
Westrum, Timothy H	2,131,758	0.83%
Beneventi Chevrolet Inc	1,709,505	0.66%
West Central Cooperative	1,631,169	0.63%
Central Iowa Power Co-op	1,306,036	0.51%
Hansen, Neil D Living Trust	1,200,152	0.47%
Interstate Power & Light Co	934,757	0.36%
Caseys Marketing Co	840,429	0.33%
Total of Top 10 Taxpayers:		8.16%

Source: Boone, Dallas and Polk County Auditors

### <sup>(1)</sup> Utility Property Tax Replacement

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

The utility replacement tax statute states that the utility replacement tax collected by the State and allocated among local taxing cities (including the Issuer) shall be treated as property tax when received and shall be disposed of by the county treasurer as taxes on real estate. However, utility property is not subject to the levy of property tax by political subdivisions, only the utility replacement tax and statewide property tax. It is possible that the 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 3.10% of the Issuer's tax base currently is utility property. Notwithstanding the foregoing, the Issuer has the obligation to levy taxes against all the taxable property in the Issuer sufficient to pay principal of and interest on the Bonds.

**Direct Debt \***

Presented below are the principal and total payments on the District's outstanding general obligation debt, presented by fiscal year and issue, including an estimate of the Bonds:

Fiscal Year	PPEL Notes <u>2008B</u>	GO Bonds <u>2012 GO</u>	GO Bonds <u>2013 GO</u>	GO Bonds <u>2015 GO</u>	GO Bonds <u>2016A GO</u>	GO Bonds <u>2016B GO</u>	Principal <u>Total</u>	Interest <u>Total</u>	P&I <u>Total</u>
2017	215,000	190,000	100,000	45,000		295,000	845,000	425,308	1,270,308
2018	220,000	190,000	105,000	45,000		300,000	860,000	410,538	1,270,538
2019		190,000	105,000	50,000		300,000	645,000	394,403	1,039,403
2020		195,000	105,000	45,000		315,000	660,000	385,523	1,045,523
2021		195,000	100,000	55,000		315,000	665,000	374,768	1,039,768
2022		195,000	105,000	50,000		325,000	675,000	363,158	1,038,158
2023		200,000	105,000	60,000		325,000	690,000	350,383	1,040,383
2024		200,000	110,000	60,000		335,000	705,000	336,433	1,041,433
2025			80,000	55,000		585,000	720,000	321,095	1,041,095
2026			85,000	60,000		590,000	735,000	305,730	1,040,730
2027			90,000	60,000		605,000	755,000	289,368	1,044,368
2028			90,000	55,000	345,000	280,000	770,000	270,883	1,040,883
2029			715,000	70,000	5,000		790,000	251,795	1,041,795
2030			745,000	65,000	5,000		815,000	222,763	1,037,763
2031			770,000	75,000	5,000		850,000	192,750	1,042,750
2032			805,000	70,000	5,000		880,000	159,570	1,039,570
2033			835,000	70,000	10,000		915,000	125,135	1,040,135
2034				945,000	5,000		950,000	89,355	1,039,355
2035				975,000	10,000		985,000	60,860	1,045,860
2036					1,010,000		1,010,000	31,310	1,041,310
Totals:	435,000	1,555,000	5,050,000	2,910,000	1,400,000	4,570,000	15,920,000	5,361,123	21,281,123

Source: Woodward-Granger CSD

\* Preliminary, subject to change

**School Infrastructure Sales & Services Tax Revenue Bonds**

Presented below is the principal and interest on the District's outstanding sales tax revenue debt, presented by fiscal year and issue:

Fiscal Year	<u>30-Sep-13</u>	<u>2014 SAVE</u>	Principal <u>Total</u>	Interest <u>Total</u>	P&I <u>Total</u>
2016	15,000	235,000	250,000	209,840	459,840
2017	15,000	220,000	235,000	202,068	437,068
2018	20,000	195,000	215,000	194,760	409,760
2019	280,000	140,000	420,000	188,065	608,065
2020	285,000	150,000	435,000	174,625	609,625
2021	325,000	125,000	450,000	160,713	610,713
2022	365,000	100,000	465,000	146,275	611,275
2023	375,000	105,000	480,000	131,313	611,313
2024	420,000	75,000	495,000	115,870	610,870
2025	455,000	55,000	510,000	99,895	609,895
2026	470,000	55,000	525,000	83,403	608,403
2027	485,000	60,000	545,000	66,423	611,423
2028	500,000	60,000	560,000	48,800	608,800
2029		630,000	630,000	30,690	660,690
2030		360,000	360,000	5,580	365,580
Totals:	4,010,000	2,565,000	6,575,000	1,858,318	8,433,318

Source: Woodward-Granger 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:

1/1/2014 Actual Valuation:	470,423,552
X	0.05
Statutory Debt Limit:	23,521,178
Total General Obligation Debt:	15,920,000
Total Lease Purchases:	
Total Loan Agreements:	
Capital Leases:	
Total Debt Subject to Limit:	15,920,000
Percentage of Debt Limit Obligated:	67.68%

It has not been determined whether the District's Sales Tax Revenue Bonds do or do not count against the constitutional debt limit. If the Bonds do count against the constitutional debt limit, the amount of debt subject to the debt limit would increase \$6,575,000 to be \$22,495,000, or 95.64% of the statutory debt limit.

Source: Iowa Department of Management

## Overlapping & Underlying Debt

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

<u>Taxing Authority</u>	<u>Outstanding Debt</u>	<u>2015 Taxable Valuation</u>	<u>Taxable Value Within Issuer</u>	<u>Percentage Applicable</u>	<u>Amount Applicable</u>
City of Granger	2,195,000	59,760,620	59,760,620	100.00%	\$2,195,000
City of Woodward	2,986,016	30,163,996	30,163,996	100.00%	2,986,016
Boone County	4,440,000	1,311,900,286	38,714,742	2.95%	131,026
Dallas County	14,965,000	5,259,775,452	161,264,318	3.07%	458,826
Polk County	312,584,231	22,662,536,006	57,447,237	0.25%	792,369
Des Moines Area Community College	89,990,000	42,274,715,793	257,426,297	0.61%	547,982
AEA #11 - Heartland	0	42,274,715,793	257,426,297	0.61%	0

Total Overlapping & Underlying Debt: \$7,111,219

Source: Iowa Department of Management; Iowa State Treasurer

## Financial Summary \*

Actual Value of Property, 2015:	\$470,423,552
Taxable Value of Property, 2015:	257,426,297
Direct General Obligation Debt:	\$15,920,000
Overlapping Debt:	7,111,219
Direct & Overlapping General Obligation Debt:	\$23,031,219
Population, 2010 U.S. Census	5,052
Direct Debt per Capita:	\$3,151.23
Total Debt per Capita:	\$4,558.83
Direct Debt to Taxable Valuation:	6.18%
Total Debt to Taxable Valuation:	8.95%
Direct Debt to Actual Valuation:	3.38%
Total Debt to Actual Valuation:	4.90%
Actual Valuation per Capita:	\$93,116
Taxable Valuation per Capita:	\$50,955

Source: Iowa Department of Management

\* Preliminary, subject to change

## APPENDIX B – FORM OF LEGAL OPINIONS

### Series 2016A

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Directors of the Woodward-Granger Community School District in the Counties of Dallas, Polk and Boone, State of Iowa, and acts of administrative officers of the School District (the "Issuer"), relating to the issuance of General Obligation School Bonds, Series 2016A, dated June 1, 2016, 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.

## Series 2016B

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Directors of the Woodward-Granger Community School District in the Counties of Dallas, Polk and Boone, State of Iowa, and acts of administrative officers of the School District (the "Issuer"), relating to the issuance of General Obligation School Refunding Bonds, Series 2016B, dated June 1, 2016, 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 – CONTINUING DISCLOSURE CERTIFICATES

### Series 2016A

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Woodward-Granger Community School District, State of Iowa (the "Issuer"), in connection with the issuance of \$ \_\_\_\_\_ General Obligation School Bonds, Series 2016A (the "Bonds") dated June 1, 2016. The Bonds are being issued pursuant to a Resolution of the Issuer approved on \_\_\_\_\_, 2016 (the "Resolution"). The Issuer covenants and agrees as follows:

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).

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, 1300 I Street NW, Suite 1000, Washington, DC 20005.

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

"Official Statement" shall mean the Issuer's Official Statement for the Bonds, dated \_\_\_\_\_, 2016.

"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.

Provision of Annual Financial Information.

The Issuer shall, or shall cause the Dissemination Agent to, not later than the 15th day of April each year], commencing with information for the 2015/2016 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

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.

The Dissemination Agent shall:

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

(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.

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

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.

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

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

Reporting of Significant Events.

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:

Principal and interest payment delinquencies;

Non-payment related defaults, if material;

Unscheduled draws on debt service reserves reflecting financial difficulties;

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

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

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;

Modifications to rights of Holders of the Bonds, if material;

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

Defeasances of the Bonds;

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

Rating changes on the Bonds;

Bankruptcy, insolvency, receivership or similar event of the Issuer;

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

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

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.

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.

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.

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.

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:

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;

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

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.

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.

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.

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.

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 \_\_\_\_\_, 2016.

WOODWARD-GRANGER 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: Woodward-Granger Community School District, Iowa.

Name of Bond Issue: \$ \_\_\_\_\_ General Obligation School Bonds, Series 2016A

Dated Date of Issue: June 1, 2016

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

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

WOODWARD-GRANGER COMMUNITY  
SCHOOL DISTRICT, STATE OF IOWA

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

01222556-1\11383-031

## Series 2016B

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Woodward-Granger Community School District, State of Iowa (the "Issuer"), in connection with the issuance of \$\_\_\_\_\_ General Obligation School Refunding Bonds, Series 2016B (the "Bonds") dated June 1, 2016. The Bonds are being issued pursuant to a Resolution of the Issuer approved on \_\_\_\_\_, 2016 (the "Resolution"). The Issuer covenants and agrees as follows:

**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).

**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, 1300 I Street NW, Suite 1000, Washington, DC 20005.

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

"Official Statement" shall mean the Issuer's Official Statement for the Bonds, dated \_\_\_\_\_, 2016.

"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.

**Provision of Annual Financial Information.**

The Issuer shall, or shall cause the Dissemination Agent to, not later than the 15th day of April each year], commencing with information for the 2015/2016 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

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.

The Dissemination Agent shall:

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

(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.

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

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.

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

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

#### Reporting of Significant Events.

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:

Principal and interest payment delinquencies;

Non-payment related defaults, if material;

Unscheduled draws on debt service reserves reflecting financial difficulties;

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

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

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;

Modifications to rights of Holders of the Bonds, if material;

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

Defeasances of the Bonds;

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

Rating changes on the Bonds;

Bankruptcy, insolvency, receivership or similar event of the Issuer;

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

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

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.

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.

**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.

**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.

**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:

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;

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

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.

**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.

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.

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.

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 \_\_\_\_\_, 2016.

WOODWARD-GRANGER 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: Woodward-Granger Community School District, Iowa.

Name of Bond Issue: \$ \_\_\_\_\_ General Obligation School Refunding Bonds, Series 2016B

Dated Date of Issue: June 1, 2016

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

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

WOODWARD-GRANGER COMMUNITY  
SCHOOL DISTRICT, STATE OF IOWA

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

01222617-1\11383-032

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

This Appendix contains the entire 2015 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>.

The remainder of this page was left blank intentionally.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Woodward-Granger Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Rebecca Carroll	President	2017
Kelly Squires	Vice President	2015
Jennifer Benbow	Board Member	2015
Dan Jamison	Board Member	2017
Eric Polich	Board Member	2015
<b>School Officials</b>		
Brad Anderson	Superintendent	2015
Bob Torrence	District Secretary/ Treasurer and Business Manager	2015
Ahlers Law Firm	Attorney	2015

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Woodward-Granger 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 Woodward-Granger Community School District, Woodward, Iowa, as of and for the year ended June 30, 2015, 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 Woodward-Granger Community School District as of June 30, 2015, 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.

### **Emphasis of Matter**

As discussed in Note 15 to the financial statements, Woodward-Granger Community School District adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter

### **Other Matters**

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 46 through 52 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 required supplementary 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 Woodward-Granger 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, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8, 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 Government Auditing Standards, we have also issued our report dated January 25, 2016 on our consideration of Woodward-Granger Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that reports 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

  
NOLTE, CORNMAN & JOHNSON, P.C.

January 25, 2016  
Newton, Iowa

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Woodward-Granger 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, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2015 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$12,922,437 in fiscal year 2014 to \$10,475,079 in fiscal year 2015, while General Fund expenditures decreased from \$13,493,603 in fiscal year 2014 to \$10,900,141 in fiscal year 2015. This resulted in a decrease in the District's General Fund balance from \$1,721,618 at June 30, 2014 to \$1,296,556 at June 30, 2015, a 24.69% decrease from the prior year.
- The decrease in General Fund revenues was attributable to a decrease in tuition revenue in fiscal year 2015. The decrease in expenditures was due primarily to a decrease in instruction expenses.

### **USING THIS ANNUAL REPORT**

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Woodward-Granger Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Woodward-Granger Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Woodward-Granger Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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

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

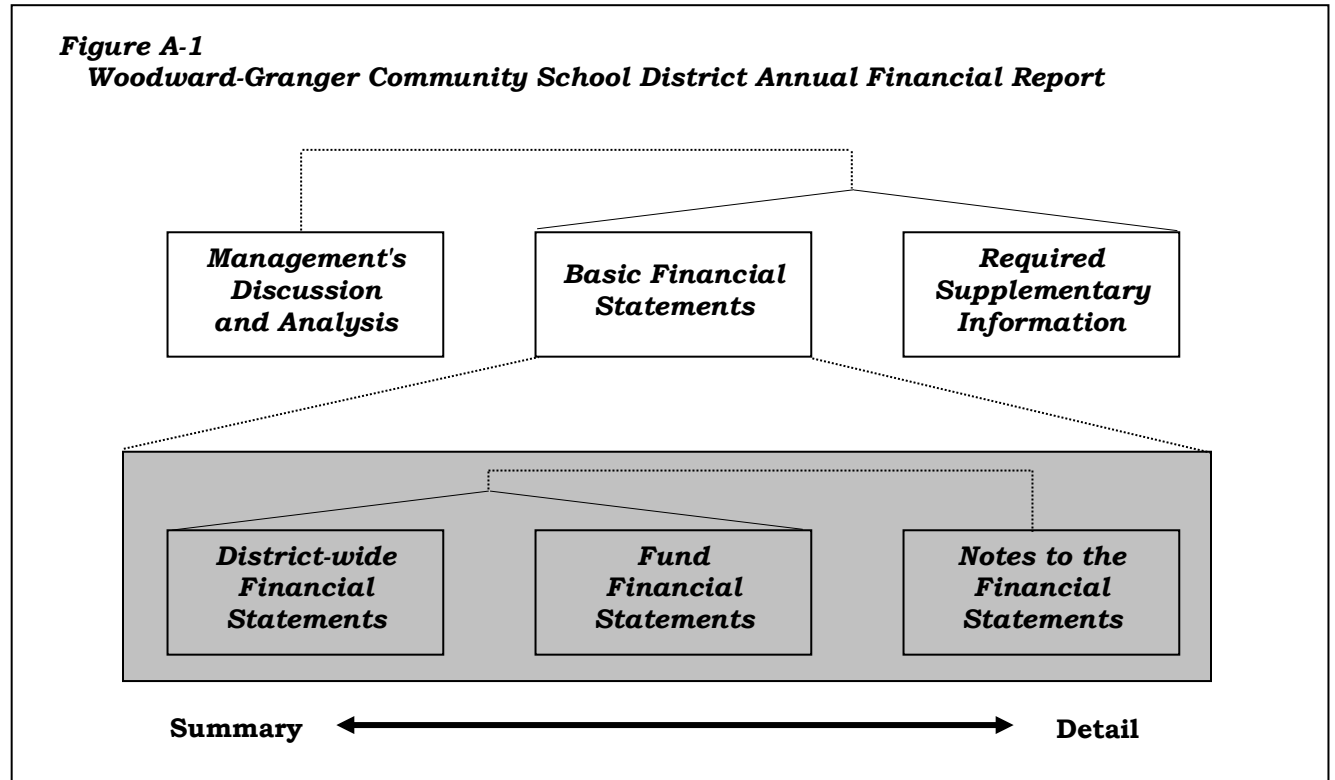


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

**Figure A-2**  
**Major Features of the Government-Wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service, before and after school	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period.
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

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

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

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

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

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

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

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

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

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private Purpose Trust and the Agency 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 of pop and related expenditures.
- Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

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.

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net position at June 30, 2015 compared to June 30, 2014.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014		2014		2014		2014-15
	2015	(Not restated)	2015	(Not restated)	2015	(Not restated)	
Current and other assets	\$ 14,467,513	21,201,890	42,980	(113,383)	14,510,493	21,088,507	-31.19%
Capital assets	22,934,780	14,911,292	76,564	95,156	23,011,344	15,006,448	53.34%
Total assets	37,402,293	36,113,182	119,544	(18,227)	37,521,837	36,094,955	3.95%
Deferred outflows of resources	1,085,518	-	-	-	1,085,518	-	100.00%
Long-term liabilities	26,587,872	20,826,116	-	-	26,587,872	20,826,116	27.67%
Other liabilities	2,215,266	2,940,425	144,935	7,512	2,360,201	2,947,937	-19.94%
Total liabilities	28,803,138	23,766,541	144,935	7,512	28,948,073	23,774,053	21.76%
Deferred inflows of resources	6,147,732	4,528,566	-	-	6,147,732	4,528,566	35.75%
Net position:							
Net investment in capital assets	4,320,038	5,673,840	76,564	95,156	4,396,602	5,768,996	-23.79%
Restricted	3,123,879	1,693,056	-	-	3,123,879	1,693,056	84.51%
Unrestricted	(3,906,976)	451,179	(101,955)	(120,895)	(4,008,931)	330,284	-1313.78%
Total net position	\$ 3,536,941	7,818,075	(25,391)	(25,739)	3,511,550	7,792,336	-54.94%

The District's combined net position decreased by 54.94%, or \$4,280,786, over the prior year. The largest portion of the District's net position is invested in capital assets, less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$1,430,823, or 84.51% over the prior year. The increase was primarily a result of the increase in the amount restricted for school infrastructure.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$4,339,215, or 1313.78%. This reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities was restated by \$4,334,656, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

	Figure A-4							
	Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2014		2014		2014		2014-15	
	2015	(Not restated)	2015	(Not restated)	2015	(Not restated)		
Revenues:								
Program revenues:								
Charges for service	\$ 1,213,370	4,254,136	213,158	227,361	1,426,528	4,481,497	-68.17%	
Operating grants, contributions and restricted interest	1,311,598	1,357,823	136,226	139,201	1,447,824	1,497,024	-3.29%	
Capital grants, contributions and restricted interest	8,000	20,000	-	-	8,000	20,000	-60.00%	
General revenues:								
Property tax	4,525,413	4,456,661	-	-	4,525,413	4,456,661	1.54%	
Income surtax	417,297	413,943	-	-	417,297	413,943	0.81%	
Statewide sales, services and use tax	863,709	703,790	-	-	863,709	703,790	22.72%	
Unrestricted state grants	4,897,474	4,093,832	-	-	4,897,474	4,093,832	19.63%	
Nonspecific program federal grants	6,332	5,288	-	-	6,332	5,288	19.74%	
Unrestricted investment earnings	8,869	17,061	-	-	8,869	17,061	-48.02%	
Other	66,438	183,606	3,654	-	70,092	183,606	-61.82%	
Total revenues	<u>13,318,500</u>	<u>15,506,140</u>	<u>353,038</u>	<u>366,562</u>	<u>13,671,538</u>	<u>15,872,702</u>	<u>-13.87%</u>	
Program expenses:								
Instruction	8,138,575	10,478,322	-	-	8,138,575	10,478,322	-22.33%	
Support services	3,746,113	4,102,058	2,189	1,974	3,748,302	4,104,032	-8.67%	
Non-instructional programs	-	-	350,501	359,995	350,501	359,995	-2.64%	
Other expenses	1,380,290	1,291,759	-	-	1,380,290	1,291,759	6.85%	
Total expenses	<u>13,264,978</u>	<u>15,872,139</u>	<u>352,690</u>	<u>361,969</u>	<u>13,617,668</u>	<u>16,234,108</u>	<u>-16.12%</u>	
Change in net position	53,522	(365,999)	348	4,593	53,870	(361,406)	2.25%	
Net position beginning of year, as restated	<u>3,483,419</u>	<u>8,184,074</u>	<u>(25,739)</u>	<u>(30,332)</u>	<u>3,457,680</u>	<u>8,153,742</u>	<u>-57.59%</u>	
Net position end of year	<u>\$ 3,536,941</u>	<u>7,818,075</u>	<u>(25,391)</u>	<u>(25,739)</u>	<u>3,511,550</u>	<u>7,792,336</u>	<u>-54.94%</u>	

In fiscal year 2015, property tax and unrestricted state grants accounted for 70.75% of the revenue from governmental activities while charges for service and operating grants and contributions accounted for 98.96% of the revenue from business type activities.

The District's total revenues were approximately \$13.7 million of which approximately \$13.3 million was for governmental activities and approximately \$0.4 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a decrease of 13.87% in revenues and a 16.12% decrease in expenses. The decrease in revenues was primarily related to the decrease in charges for service. The decrease in expenses was related to the decrease in instruction costs during the year.

### Governmental Activities

Revenues for governmental activities were \$13,318,500 and expenses were \$13,264,978.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-15	2015	2014 (Not restated)	Change 2014-15
Instruction	\$ 8,138,575	10,478,322	-22.33%	6,002,995	5,206,149	15.31%
Support services	3,746,113	4,102,058	-8.68%	3,725,522	4,076,211	-8.60%
Other expenses	1,380,290	1,291,759	6.85%	1,003,493	957,820	4.77%
Totals	<u>\$ 13,264,978</u>	<u>15,872,139</u>	<u>-16.43%</u>	<u>10,732,010</u>	<u>10,240,180</u>	<u>4.80%</u>

- The cost financed by users of the District's programs was \$1,213,370.
- Federal and state governments, along with local sources, subsidized certain programs with grants and contributions totaling \$1,319,598.
- The net cost of governmental activities was financed with \$4,525,413 in property tax, \$417,297 in income surtax, \$863,709 in statewide sales, services and use tax, \$4,897,474 in unrestricted state grants, \$6,332 in nonspecific program federal grants, \$8,869 in interest income, and \$66,438 in other general revenue.

### Business Type Activities

Revenues of the District's business type activities were \$353,038 and expenses were \$352,690. The District's business type activities include the School Nutrition Fund and the Before and After School Program. Revenues of these activities were largely comprised of charges for service and federal and state reimbursements.

## INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$7,198,162, compared to last year's ending fund balances of \$13,440,997. The primary reason for the decrease in combined fund balances in fiscal year 2015 is the decrease in the Capital Projects Fund balance due to construction costs during the year.

### Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Tuition revenues declined compared to the prior year resulting in a decrease in total revenues. The decrease in revenues and decrease in General Fund expenditures, resulted in a fund balance decrease from \$1,721,618, to \$1,296,556.

- The Capital Projects Fund balance decreased from \$11,352,931 to \$5,513,196. The decrease was the result of construction costs during the year.
- The Debt Service Fund balance decreased from \$36,881 to \$31,663. The decrease was the result payment on the District's long term indebtedness.

### Proprietary Fund Highlights

The School Nutrition Fund net position increased from a deficit \$25,739 at June 30, 2014 to a deficit \$25,391 at June 30, 2015, representing an increase of 1.35%.

### BUDGETARY HIGHLIGHTS

The District's revenues were \$2,976,315 less than budgeted revenues, a variance of 17.92%. The most significant variance resulted from the District receiving less from local sources than originally anticipated.

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

Over the course of the year, Woodward-Granger Community School District amended its annual budget one time to reflect additional expenditures in all functional areas.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2015, the District had invested approximately \$23.01 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 capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$480,394.

The original cost of the District's capital assets was approximately \$28.72 million. Governmental funds accounted for approximately \$28.45 million with the remainder of approximately \$0.27 million in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$9,911,982 at June 30, 2015, compared to \$2,108,146 reported at June 30, 2014. This increase resulted from the capitalization of ongoing construction expenses associated with a new elementary school building.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 264,204	264,204	-	-	264,204	264,204	0.00%
Construction in progress	9,911,982	2,108,146	-	-	9,911,982	2,108,146	370.18%
Buildings	12,356,882	12,177,473	-	-	12,356,882	12,177,473	1.47%
Machinery and equipment	401,712	361,469	76,564	95,156	478,276	456,625	4.74%
Total	\$ 22,934,780	14,911,292	76,564	95,156	23,011,344	15,006,448	53.34%

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## Long-Term Debt

At June 30, 2015, the District had \$26,587,872 in general obligation and other long-term debt outstanding. This represents an increase of 27.67% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had total outstanding general obligation bonds payable of \$14,260,000 at June 30, 2015.

The District had total outstanding revenue bonds payable of \$6,575,000 at June 30, 2015.

The District had total outstanding capital loan notes payable of \$640,000 at June 30, 2015.

The District had total outstanding computer lease payable of \$275,450 at June 30, 2015.

The District had total outstanding termination benefits payable from the Special Revenue - Management Fund of \$7,808 at June 30, 2015.

The District had total outstanding compensated absences payable from the General Fund of \$19,384 at June 30, 2015.

The District had total outstanding net pension liability of \$3,747,577 at June 30, 2015.

The District had total outstanding Net OPEB liability payable of \$1,062,653 at June 30, 2015.

	Figure A-7		
	Outstanding Long-Term Obligations		
	Total	Total	
	District	Change	
	June 30,	June 30,	
	2015	2014	2014-15
		(Not restated)	
General obligation bonds	\$ 14,260,000	11,855,000	20.29%
Revenue bonds	6,575,000	6,775,000	-2.95%
Capital loan notes	640,000	840,000	-23.81%
Computer lease	275,450	380,745	-27.65%
Termination benefits	7,808	69,102	-88.70%
Compensated absences	19,384	21,314	-9.06%
Net pension liability	3,747,577	-	100.00%
Net OPEB liability	1,062,653	884,955	20.08%
Totals	<u>\$ 26,587,872</u>	<u>20,826,116</u>	<u>27.67%</u>

## 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 that could significantly affect its financial health in the future:

- Low Supplemental State aid over several years is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued support for education at the state level will affect future projections. The District has been forced to shift funding to property taxes.

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- Due to increasing enrollment, the District is currently undergoing construction to accommodate additional students. This will also require the hiring of additional staff for the new buildings resulting in increased spending for the District.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Bob Torrence, District Secretary/Treasurer, Woodward-Granger Community School District, 306 West 3<sup>rd</sup> Street, Woodward, Iowa, 50276.

BASIC FINANCIAL STATEMENTS

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 7,772,524	31,582	7,804,106
Receivables:			
Property tax:			
Delinquent	44,146	-	44,146
Succeeding year	4,718,514	-	4,718,514
Income surtax	380,485	-	380,485
Accounts	7,607	4,704	12,311
Due from other funds	128,132	-	128,132
Due from other governments	1,416,105	-	1,416,105
Inventories	-	6,694	6,694
Capital assets, net of accumulated depreciation	22,934,780	76,564	23,011,344
<b>Total Assets</b>	<b>37,402,293</b>	<b>119,544</b>	<b>37,521,837</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	1,085,518	-	1,085,518
<b>Liabilities</b>			
Due to other funds	-	128,132	128,132
Accounts payable	991,552	10,447	1,001,999
Salaries and benefits payable	1,145,721	-	1,145,721
Advances from student fees	33,079	350	33,429
Accrued interest payable	44,914	-	44,914
Unearned revenue	-	6,006	6,006
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	525,000	-	525,000
Revenue bonds payable	250,000	-	250,000
Capital loan notes payable	205,000	-	205,000
Computer lease payable	108,050	-	108,050
Termination benefits payable	7,808	-	7,808
Compensated absences	19,384	-	19,384
Portion due after one year:			
General obligation bonds payable	13,735,000	-	13,735,000
Revenue bonds payable	6,325,000	-	6,325,000
Capital loan notes payable	435,000	-	435,000
Computer lease payable	167,400	-	167,400
Net pension liability	3,747,577	-	3,747,577
Net OPEB liability	1,062,653	-	1,062,653
<b>Total Liabilities</b>	<b>28,803,138</b>	<b>144,935</b>	<b>28,948,073</b>
<b>Deferred Inflows of Resources</b>			
Pension related deferred inflows	1,429,218	-	1,429,218
Succeeding year property tax	4,718,514	-	4,718,514
<b>Total Deferred Inflows of Resources</b>	<b>6,147,732</b>	<b>-</b>	<b>6,147,732</b>
<b>Net Position</b>			
Net investment in capital assets	4,320,038	76,564	4,396,602
Restricted for:			
Categorical funding	121,187	-	121,187
School infrastructure	2,518,508	-	2,518,508
Physical plant and equipment	134,430	-	134,430
Management levy purposes	290,953	-	290,953
Student activities	58,801	-	58,801
Unrestricted	(3,906,976)	(101,955)	(4,008,931)
<b>Total Net Position</b>	<b>\$ 3,536,941</b>	<b>(25,391)</b>	<b>3,511,550</b>

SEE NOTES TO FINANCIAL STATEMENTS.

**WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2015**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
<b>Functions/Programs:</b>							
Governmental activities:							
Instruction:							
Regular	\$ 5,063,053	555,666	57,931	-	(4,449,456)	-	(4,449,456)
Special	1,508,312	358,669	137,185	-	(1,012,458)	-	(1,012,458)
Other	1,567,210	299,035	727,094	-	(541,081)	-	(541,081)
	<u>8,138,575</u>	<u>1,213,370</u>	<u>922,210</u>	<u>-</u>	<u>(6,002,995)</u>	<u>-</u>	<u>(6,002,995)</u>
Support services:							
Student	415,518	-	-	-	(415,518)	-	(415,518)
Instructional staff	333,323	-	-	-	(333,323)	-	(333,323)
Administration	1,317,280	-	-	-	(1,317,280)	-	(1,317,280)
Operation and maintenance of plant	1,231,257	-	-	8,000	(1,223,257)	-	(1,223,257)
Transportation services	448,735	-	12,591	-	(436,144)	-	(436,144)
	<u>3,746,113</u>	<u>-</u>	<u>12,591</u>	<u>8,000</u>	<u>(3,725,522)</u>	<u>-</u>	<u>(3,725,522)</u>
Long-term debt interest	663,300	-	-	-	(663,300)	-	(663,300)
Other expenditures:							
AEA flowthrough	376,797	-	376,797	-	-	-	-
Depreciation(unallocated)*	340,193	-	-	-	(340,193)	-	(340,193)
	<u>716,990</u>	<u>-</u>	<u>376,797</u>	<u>-</u>	<u>(340,193)</u>	<u>-</u>	<u>(340,193)</u>
Total governmental activities	<u>13,264,978</u>	<u>1,213,370</u>	<u>1,311,598</u>	<u>8,000</u>	<u>(10,732,010)</u>	<u>-</u>	<u>(10,732,010)</u>
Business type activities:							
Support services:							
Administration	2,189	-	-	-	-	(2,189)	(2,189)
Non-instructional programs:							
Food service operations	350,501	213,158	136,226	-	-	(1,117)	(1,117)
Total business type activities	<u>352,690</u>	<u>213,158</u>	<u>136,226</u>	<u>-</u>	<u>-</u>	<u>(3,306)</u>	<u>(3,306)</u>
Total	\$ <u>13,617,668</u>	<u>1,426,528</u>	<u>1,447,824</u>	<u>8,000</u>	<u>(10,732,010)</u>	<u>(3,306)</u>	<u>(10,735,316)</u>
<b>General Revenues:</b>							
Property tax for:							
General purposes				\$ 3,188,790	-		3,188,790
Capital outlay				398,792	-		398,792
Debt service				937,831	-		937,831
Income surtax				417,297	-		417,297
Statewide sales, services and use tax				863,709	-		863,709
Unrestricted state grants				4,897,474	-		4,897,474
Nonspecific program federal grants				6,332	-		6,332
Unrestricted investment earnings				8,869	-		8,869
Other				66,438	3,654		70,092
Total general revenues				<u>10,785,532</u>	<u>3,654</u>		<u>10,789,186</u>
Changes in net position				53,522	348		53,870
Net position beginning of year, as restated				3,483,419	(25,739)		3,457,680
Net position end of year				<u>\$ 3,536,941</u>	<u>(25,391)</u>		<u>3,511,550</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General	Capital Projects	Debt Service	Nonmajor	Total
<b>ASSETS</b>					
Cash and pooled investments	\$ 1,353,683	5,732,997	331,637	354,207	7,772,524
Receivables:					
Property tax:					
Delinquent	30,097	3,426	8,057	2,566	44,146
Succeeding year	3,006,010	415,312	997,193	299,999	4,718,514
Income surtax	380,485	-	-	-	380,485
Accounts	3,631	-	-	3,976	7,607
Due from other funds	128,132	-	-	-	128,132
Due from other governments	1,281,906	134,199	-	-	1,416,105
<b>TOTAL ASSETS</b>	<b>\$ 6,183,944</b>	<b>6,285,934</b>	<b>1,336,887</b>	<b>660,748</b>	<b>14,467,513</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 322,093	357,426	308,031	4,002	991,552
Salaries and benefits payable	1,145,721	-	-	-	1,145,721
Advances from student fees	33,079	-	-	-	33,079
Total liabilities	<b>1,500,893</b>	<b>357,426</b>	<b>308,031</b>	<b>4,002</b>	<b>2,170,352</b>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,006,010	415,312	997,193	299,999	4,718,514
Income surtax	380,485	-	-	-	380,485
Total deferred inflows of resources	<b>3,386,495</b>	<b>415,312</b>	<b>997,193</b>	<b>299,999</b>	<b>5,098,999</b>
Fund balances:					
Restricted for:					
Categorical funding	121,187	-	-	-	121,187
School infrastructure	-	5,378,766	-	-	5,378,766
Physical plant and equipment	-	134,430	-	-	134,430
Management levy purposes	-	-	-	298,761	298,761
Student activities	-	-	-	58,801	58,801
Debt service	-	-	31,663	-	31,663
Unassigned:					
General fund	1,175,369	-	-	-	1,175,369
Student activities	-	-	-	(815)	(815)
Total fund balances	<b>1,296,556</b>	<b>5,513,196</b>	<b>31,663</b>	<b>356,747</b>	<b>7,198,162</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 6,183,944</b>	<b>6,285,934</b>	<b>1,336,887</b>	<b>660,748</b>	<b>14,467,513</b>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2015

<b>Total fund balances of governmental funds (page 20)</b>	\$	7,198,162
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		22,934,780
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		380,485
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as liability in the governmental funds.		(44,914)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 1,085,518	
Deferred inflows of resources	<u>(1,429,218)</u>	(343,700)
Long-term liabilities, including general obligation bonds payable, revenue bonds payable, net OPEB liability, net pension liability, capital loan notes payable, computer lease payable, termination benefits payable and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds		<u>(26,587,872)</u>
<b>Net position of governmental activities (page 18)</b>	<b>\$</b>	<b><u>3,536,941</u></b>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 3,273,906	398,792	937,831	296,382	4,906,911
Tuition	856,104	-	-	-	856,104
Other	159,124	27,272	2	273,520	459,918
State sources	5,595,534	865,849	5,032	5,252	6,471,667
Federal sources	588,101	-	-	-	588,101
Total revenues	<u>10,472,769</u>	<u>1,291,913</u>	<u>942,865</u>	<u>575,154</u>	<u>13,282,701</u>
Expenditures:					
Current:					
Instruction:					
Regular	4,752,425	-	-	-	4,752,425
Special	1,644,315	-	-	-	1,644,315
Other	1,208,901	-	-	259,008	1,467,909
	<u>7,605,641</u>	<u>-</u>	<u>-</u>	<u>259,008</u>	<u>7,864,649</u>
Support services:					
Student	370,756	-	-	-	370,756
Instructional staff	301,312	-	-	-	301,312
Administration	1,121,760	126,371	-	30,044	1,278,175
Operation and maintenance of plant	751,546	154,650	-	258,922	1,165,118
Transportation	372,329	95,121	-	-	467,450
	<u>2,917,703</u>	<u>376,142</u>	<u>-</u>	<u>288,966</u>	<u>3,582,811</u>
Capital outlay	-	8,896,816	-	-	8,896,816
Long-term debt:					
Principal	-	-	1,050,295	-	1,050,295
Interest and fiscal charges	-	-	671,170	-	671,170
	<u>-</u>	<u>-</u>	<u>1,721,465</u>	<u>-</u>	<u>1,721,465</u>
Other expenditures:					
AEA flowthrough	376,797	-	-	-	376,797
Total expenditures	<u>10,900,141</u>	<u>9,272,958</u>	<u>1,721,465</u>	<u>547,974</u>	<u>22,442,538</u>
Excess(Deficiency) of revenues over(under) expenditures	(427,372)	(7,981,045)	(778,600)	27,180	(9,159,837)
Other financing sources(uses):					
Proceeds from the disposal of assets	2,310	-	-	-	2,310
General obligation bond issuance	-	2,950,000	-	-	2,950,000
Premium on bond issue	-	17,215	-	-	17,215
Discount on bond issue	-	(52,523)	-	-	(52,523)
Transfer in	-	-	773,382	-	773,382
Transfer out	-	(773,382)	-	-	(773,382)
Total other financing sources(uses)	<u>2,310</u>	<u>2,141,310</u>	<u>773,382</u>	<u>-</u>	<u>2,917,002</u>
Change in fund balances	(425,062)	(5,839,735)	(5,218)	27,180	(6,242,835)
Fund balances beginning of year	<u>1,721,618</u>	<u>11,352,931</u>	<u>36,881</u>	<u>329,567</u>	<u>13,440,997</u>
Fund balances end of year	<u>\$ 1,296,556</u>	<u>5,513,196</u>	<u>31,663</u>	<u>356,747</u>	<u>7,198,162</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER 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, 2015

**Change in fund balances - total governmental funds (page 22)** \$ (6,242,835)

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

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

Capital outlay	\$ 8,485,290	
Depreciation expense	<u>(461,802)</u>	8,023,488

Income surtax not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 35,799

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

Issued	(2,950,000)	
Repaid	<u>1,050,295</u>	(1,899,705)

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. 7,870

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 591,209

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.

Termination Benefits	61,294	
Compensated Absences	1,930	
Pension expense	(347,830)	
Net OPEB liability	<u>(177,698)</u>	<u>(462,304)</u>

**Change in net position of governmental activities (page 19)** \$ 53,522

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	School Nutrition	Before and After School	Total
<b>Assets</b>			
Current assets:			
Cash and pooled investments	\$ 31,232	350	31,582
Accounts receivable	4,704	-	4,704
Inventories	6,694	-	6,694
<b>Total current assets</b>	<b>42,630</b>	<b>350</b>	<b>42,980</b>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	76,564	-	76,564
<b>Total Assets</b>	<b>119,194</b>	<b>350</b>	<b>119,544</b>
<b>Liabilities</b>			
Due to other funds	128,132	-	128,132
Accounts payable	10,447	-	10,447
Advances from student fees	-	350	350
Unearned revenue	6,006	-	6,006
<b>Total Liabilities</b>	<b>144,585</b>	<b>350</b>	<b>144,935</b>
<b>Net Position</b>			
Net investment in capital assets	76,564	-	76,564
Unrestricted	(101,955)	-	(101,955)
<b>Total Net Position</b>	<b>\$ (25,391)</b>	<b>-</b>	<b>(25,391)</b>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for service	\$ 213,158
Miscellaneous	3,654
TOTAL OPERATING REVENUES	216,812
OPERATING EXPENSES:	
Support services:	
Administration:	
Services	2,110
Supplies	79
	2,189
Non-instructional programs:	
Food service operations:	
Services	151,534
Supplies	180,375
Depreciation	18,592
	350,501
TOTAL OPERATING EXPENSES	352,690
OPERATING LOSS	(135,878)
NON-OPERATING REVENUES:	
State sources	2,626
Federal sources	133,600
TOTAL NON-OPERATING REVENUES	136,226
Increase in net position	348
Net position beginning of year	(25,739)
Net position end of year	\$ (25,391)

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	School Nutrition	Before and After School	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 224,482	-	224,482
Cash received from miscellaneous operating activities	3,654	350	4,004
Cash payments to suppliers for goods or services	(305,527)	-	(305,527)
Net cash provided by(used in) operating activities	(77,391)	350	(77,041)
Cash flows from non-capital financing activities:			
Repayments to the General Fund	(14,308)	-	(14,308)
State grants received	2,626	-	2,626
Federal grants received	114,682	-	114,682
Net cash provided by non-capital financing activities	103,000	-	103,000
Net increase in cash and pooled investments	25,609	350	25,959
Cash and pooled investments at beginning of year	5,623	-	5,623
Cash and pooled investments at end of year	\$ 31,232	350	31,582
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (135,878)	-	(135,878)
Adjustments to reconcile operating loss to net cash provided by(used in) operating activities:			
Commodities consumed	19,521	-	19,521
Depreciation	18,592	-	18,592
Decrease in inventories	294	-	294
Decrease in accounts receivable	11,139	-	11,139
Increase in accounts payable	8,756	-	8,756
Increase in unearned revenue	185	-	185
Increase in deposits payable	-	350	350
Net cash provided by(used in) operating activities	\$ (77,391)	350	(77,041)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$19,521 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015

	<u>Private Purpose</u>	
	<u>Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets</b>		
Cash and pooled investments	<u>\$ 47,516</u>	<u>5,826</u>
<b>Liabilities</b>		
Due to other groups	<u>-</u>	<u>5,826</u>
<b>Net Position</b>		
Held in trust for scholarships	<u>\$ 47,516</u>	<u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2015

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Interest	\$ 162
Contributions	1,150
Total additions	<u>1,312</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>1,250</u>
Change in net position	62
Net position beginning of year	<u>47,454</u>
Net position end of year	<u>\$ 47,516</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

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

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

**A. Reporting Entity**

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

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Dallas, Polk, and Boone Counties Assessors' Conference Board.

**B. Basis of Presentation**

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

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

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

*Restricted net position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of net position that does not meet 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 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 nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other 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 Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

The Debt Service Fund is utilized to account for the accumulation of resources for, and the payment of long-term debt principal and interest.

The District's nonmajor proprietary funds are the Enterprise, School Nutrition Fund and the Before and After School Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Before and After School fund is used to account for the before and after school program provided by 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 help by the District as an agent for individuals, private organizations. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of result 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 is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

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

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

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

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

Capital Assets - Capital assets, which include property, machinery, equipment and intangibles 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	\$ 2,500
Buildings	2,500
Intangibles	75,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Intangibles	2 or more years
Furniture and equipment	5-12 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

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

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

Advances From Student Fees - Registration fees that have been received by the District but will be recognized as revenue in the succeeding year.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. 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 period. Deferred inflows of resources consist of property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources on the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Position in the Proprietary Funds.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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.

Unassigned - All amounts not included in the preceding classifications.

#### E. Budgets and Budgetary Accounting

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

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

The District's deposits at June 30, 2015 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 and the Treasurer of the State of Iowa; 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, 2015 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$4,909,935 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

**(3) Transfers**

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Physical Plant and Equipment Levy	\$ 230,255
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	543,127
Total		<u>\$ 773,382</u>

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

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

**(4) Due from and Due to Other Funds**

At June 30, 2015 the interfund receivables and payables consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Enterprise, School Nutrition	<u>\$ 128,132</u>

The Enterprise, School Nutrition Fund is repaying the General Fund for money borrowed for cash flow purposes.

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2015 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 264,204	-	-	264,204
Construction in progress	2,108,146	7,803,836	-	9,911,982
Total capital assets not being depreciated	<u>2,372,350</u>	<u>7,803,836</u>	-	<u>10,176,186</u>
Capital assets being depreciated:				
Buildings	16,349,072	519,602	-	16,868,674
Machinery and equipment	1,243,290	161,852	-	1,405,142
Total capital assets being depreciated	<u>17,592,362</u>	<u>681,454</u>	-	<u>18,273,816</u>
Less accumulated depreciation for:				
Buildings	4,171,599	340,193	-	4,511,792
Machinery and equipment	881,821	121,609	-	1,003,430
Total accumulated depreciation	<u>5,053,420</u>	<u>461,802</u>	-	<u>5,515,222</u>
Total capital assets being depreciated, net	<u>12,538,942</u>	<u>219,652</u>	-	<u>12,758,594</u>
Governmental activities capital assets, net	<u>\$ 14,911,292</u>	<u>8,023,488</u>	-	<u>22,934,780</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 272,603	-	-	272,603
Less accumulated depreciation	177,447	18,592	-	196,039
Business type activities capital as:	\$ 95,156	(18,592)	-	76,564

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular	\$	20,808
Special		666
Support services:		
Instructional staff		10,479
Administration		9,168
Operation and maintenance of plant		2,394
Transportation		78,094
		<u>121,609</u>
Unallocated depreciation		<u>340,193</u>
Total governmental activities depreciation expense	\$	<u>461,802</u>
Business type activities:		
Food service operations	\$	<u>18,592</u>

**(6) Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning of Year Restated	Additions	Deletions	Balance End of Year	Due Within One Year
General obligation bonds	\$ 11,855,000	2,950,000	545,000	14,260,000	525,000
Revenue bonds	6,775,000	-	200,000	6,575,000	250,000
Capital loan notes	840,000	-	200,000	640,000	205,000
Computer lease	380,745	-	105,295	275,450	108,050
Termination benefits*	69,102	7,808	69,102	7,808	7,808
Compensated absences	21,314	19,384	21,314	19,384	19,384
Net pension liability	4,886,828	-	1,139,251	3,747,577	-
Net OPEB liability	884,955	177,698	-	1,062,653	-
Total	\$ 25,712,944	3,154,890	2,279,962	26,587,872	1,115,242

\* A portion of the liability for termination benefits is now accounted for as an explicit subsidy in the Net OPEB liability.

General Obligation Bonds Payable

Details of the District's June 30, 2015 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of June 3, 2008			Bond Issue of October 1, 2012			Bond Issue of August 15, 2013		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2016	4.10 %	\$ 200,000	177,420	0.65 %	\$ 185,000	24,060	2.00 %	\$ 100,000	187,487
2017	4.10	205,000	169,220	0.85	190,000	22,858	2.00	100,000	185,488
2018	4.10	215,000	160,815	1.05	190,000	21,242	2.00	105,000	183,487
2019	4.00	225,000	152,000	1.20	190,000	19,247	2.00	105,000	181,388
2020	4.00	235,000	143,000	1.35	195,000	16,968	3.00	105,000	179,287
2021-2025	4.00	1,600,000	563,800	1.55-2.05	790,000	37,647	3.00-3.25	500,000	849,362
2026-2028	4.00	1,740,000	141,200	-	-	-	3.25-3.75	1,725,000	748,576
2031-2035	-	-	-	-	-	-	4.00	2,410,000	195,400
Total		<u>\$ 4,420,000</u>	<u>1,507,455</u>		<u>\$ 1,740,000</u>	<u>142,022</u>		<u>\$ 5,150,000</u>	<u>2,710,475</u>

Year Ending June 30,	Bond Issue of June 3, 2015			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2016	3.00 %	\$ 40,000	88,008	525,000	476,975	1,001,975
2107	3.00	45,000	87,300	540,000	464,866	1,004,866
2018	3.00	45,000	85,950	555,000	451,494	1,006,494
2019	3.00	50,000	84,600	570,000	437,235	1,007,235
2020	3.00	45,000	83,100	580,000	422,355	1,002,355
2021-2025	3.00	280,000	392,250	3,170,000	1,843,059	5,013,059
2026-2030	3.00	310,000	348,750	3,775,000	1,238,526	5,013,526
2031-2035	3.00	2,135,000	272,400	4,545,000	467,800	5,012,800
Total		<u>\$ 2,950,000</u>	<u>1,442,358</u>	<u>14,260,000</u>	<u>5,802,310</u>	<u>20,062,310</u>

Revenue Bonds Payable

Details of the District's June 30, 2015 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of September 30, 2013			Bond Issue of May 8, 2014			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2016	3.25 %	\$ 15,000	130,325	3.10 %	\$ 235,000	79,515	250,000	209,840	459,840
2017	3.25	15,000	129,837	3.10	220,000	72,230	235,000	202,067	437,067
2018	3.25	20,000	129,350	3.10	195,000	65,410	215,000	194,760	409,760
2019	3.25	280,000	128,700	3.10	140,000	59,365	420,000	188,065	608,065
2020	3.25	285,000	119,600	3.10	150,000	55,025	435,000	174,625	609,625
2021-2025	3.25	1,940,000	435,826	3.10	460,000	218,240	2,400,000	654,066	3,054,066
2026-2030	3.25	1,455,000	95,550	3.10	1,165,000	139,345	2,620,000	234,895	2,854,895
Total		<u>\$ 4,010,000</u>	<u>1,169,188</u>		<u>\$ 2,565,000</u>	<u>689,130</u>	<u>6,575,000</u>	<u>1,858,318</u>	<u>8,433,318</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$6,790,000 of bonds issued in fiscal year 2014. 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 53% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$8,433,318. For the current year, \$428,613 of principal and interest was paid on the bonds and total statewide sales, services and use tax revenues were \$863,709.

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.

Capital Loan Notes Payable

During the year ended June 30, 2008 the District issued \$1,900,000 in capital loan notes which are payable from the Capital Projects: Physical Plant and Equipment Levy Fund. Details of the District's June 30, 2015 capital loan notes indebtedness are as follows:

Year Ending June 30,	Note Issue of June 3, 2008				
	Interest Rates		Principal	Interest	Total
2016	3.50	% \$	205,000	23,055	228,055
2017	3.60		215,000	15,880	230,880
2018	3.70		220,000	8,140	228,140
Total			<u>\$ 640,000</u>	<u>47,075</u>	<u>687,075</u>

Computer Lease

Details of the District's June 30, 2015 computer lease indebtedness that will be paid from the Capital Projects: Statewide Sales, Services and Use Tax Fund:

Year Ending June 30,	Computer lease of July 15, 2011				
	Interest Rates		Principal	Interest	Total
2016	1.70	% \$	108,050	6,464	114,514
2017	1.70		110,878	3,636	114,514
2018	1.70		56,522	735	57,257
Total			<u>\$ 275,450</u>	<u>10,835</u>	<u>286,285</u>

Termination Benefits

During fiscal year 2015, the District approved a voluntary early retirement plan for employees. The plan was only offered to employees for one year. Eligible employees must have completed at least ten years of full-time service to the District and must have reached the age of fifty-five on or before June 30, 2015. The application for early retirement was subject to approval by the Board of Education.

Early retirement benefits equal 10% of the employee's regular contractual salary in effect during the employee's last year of employment. The policy requires early retirement benefits be paid in one payment prior to the end of the calendar year.

At June 30, 2015, the District has obligations to two participants with a total liability of \$7,808. A liability has been recorded in the Statement of Net Position representing the District's commitment to fund non-current termination benefits.

Early retirement benefits also include District contributions toward health insurance premiums up to \$8,000 annually. This liability is included as an explicit subsidy in the District's net OPEB liability. Retirees receive the benefit until the earliest of the following events occur: the retiree turns age 65, retiree death, or the retiree fails to remit to the District any additional premiums in excess of the provided benefit.

**(7) Other Postemployment Benefits (OPEB)**

Plan Description - The District operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees, retirees and their spouses. There are 151 active and 6 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug dental benefit as active employees, which results in an implicit OPEB liability. The District also provides insurance premiums as part of an early retirement incentive which results in an explicit 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 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, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 246,678
Interest on net OPEB obligation	22,124
Adjustment to annual required contribution	(60,887)
Annual OPEB cost	<u>207,915</u>
Contributions made	<u>(30,217)</u>
Increase in net OPEB obligation	177,698
Net OPEB obligation beginning of year	<u>884,955</u>
Net OPEB obligation end of year	<u>\$ 1,062,653</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2011. 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, 2015.

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, 2015 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 298,807	20.35%	\$ 738,798
2014	179,137	18.41	884,955
2015	207,915	14.53	1,062,653

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$1.286 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.286 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6.16 million and the ratio of the UAAL to covered payroll was 20.88%. As of June 30, 2015, 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 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 for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to the 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 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, 2014 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and employee type.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

#### **(8) Pension and Retirement Benefits**

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

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

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

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

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

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

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

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$591,209.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$3,747,577 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.092599 percent, which was an increase of 0.006290 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$347,830. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,729	\$ -
Changes of assumptions	165,389	-
Net difference between projected and actual earnings on pension plan investments	-	1,429,218
Changes in proportion and differences between District contributions and proportionate share of contributions	288,191	-
District contributions subsequent to the measurement date	591,209	-
Total	<u>\$ 1,085,518</u>	<u>\$ 1,429,218</u>

\$591,209 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
June 30,	
2016	\$ (241,812)
2017	(241,812)
2018	(241,812)
2019	(241,812)
2020	32,339
	<u>\$ (934,909)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	2	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 7,080,942	\$ 3,747,577	\$ 933,872

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

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$86,072 for legally required employer contributions and \$57,349 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**(9) Risk Management**

Woodward-Granger 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 \$376,797 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(11) Deficit Fund Balance/Net Position**

The Enterprise, School Nutrition Fund had deficit unrestricted net position of \$101,955 and deficit total net position of \$25,391 at June 30, 2015. The District had a deficit unrestricted net position of \$3,906,976 in the governmental activities. The Student Activity Fund had one account with a deficit unassigned fund balance of \$815.

**(12) Categorical Funding**

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Gifted and talented programs	\$ 4,638
Weighted at-risk programs	15,031
Four-year-old preschool state aid	9,766
Teacher salary supplement	39,501
Professional development	27,303
Professional development for model core curriculum	2,137
Textbook aid for nonpublic students	137
Successful progression for early readers	22,164
Teacher leadership grants	509
Iowa early intervention block grant	1
Total restricted for categorical funding	<u>\$ 121,187</u>

**(13) Reconciliation of Governmental Fund Balances to Net Position**

The following is the detailed reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

	<u>Net Investment</u>	<u>School</u>	<u>Management</u>	<u>Debt</u>	<u>Unassigned/</u>
	<u>in Capital Assets</u>	<u>Infrastructure</u>	<u>Levy</u>	<u>Service</u>	<u>Unrestricted</u>
					<u>Balances</u>
Fund balance (Exhibit C)	\$ -	5,378,766	298,761	31,663	1,175,369
Capital assets, net of accumulated depreciation	22,934,780	-	-	-	-
General obligation bond capitalized indebtedness	(11,399,742)	-	-	-	-
Unspent general obligation bond proceeds	-	(2,860,258)	-	-	-
Revenue bond capitalized indebtedness	(6,575,000)	-	-	-	-
Capital loan note capitalized indebtedness	(640,000)	-	-	-	-
Termination benefits	-	-	(7,808)	-	-
Accrued interest payable	-	-	-	(31,663)	(13,251)
Computer lease payable	-	-	-	-	(275,450)
Accrued compensated absences	-	-	-	-	(19,384)
Income surtax	-	-	-	-	380,485
Net OPEB liability	-	-	-	-	(1,062,653)
Net pension liability	-	-	-	-	(3,747,577)
Pension related deferred outflows of resources	-	-	-	-	1,085,518
Pension related deferred inflows of resources	-	-	-	-	(1,429,218)
Unassigned student activity fund balance	-	-	-	-	(815)
Net position (Exhibit A)	<u>\$ 4,320,038</u>	<u>2,518,508</u>	<u>290,953</u>	<u>-</u>	<u>(3,906,976)</u>

**(14) Construction Commitment**

The District has entered into contracts for a variety of school infrastructure projects including a new elementary building, parking lot expansion and new roof on the middle school. As of June 30, 2015, costs of \$9,911,982 had been incurred against the contracts. The balance remaining on these contracts at June 30, 2015 will be paid as work on the project progresses and will be capitalized upon completion.

**(15) Reconciliation of Governmental Fund Balances to Net Position**

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27, was implemented during fiscal year 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, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental</u>
	<u>Activities</u>
Net position June 30, 2014, as previously reported	\$ 7,818,075
Net pension liability at June 30, 2014	(4,886,828)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	552,172
Net position July 1, 2014, as restated	<u>\$ 3,483,419</u>

REQUIRED SUPPLEMENTARY INFORMATION

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND  
 CHANGES IN BALANCES -  
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
 AND PROPRIETARY FUNDS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED JUNE 30, 2015

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Funds Actual		Original	Final	
Revenues:						
Local sources	\$ 6,222,933	216,812	6,439,745	10,397,617	10,397,617	(3,957,872)
State sources	6,471,667	2,626	6,474,293	5,573,437	5,573,437	900,856
Federal sources	588,101	133,600	721,701	641,000	641,000	80,701
Total revenues	<u>13,282,701</u>	<u>353,038</u>	<u>13,635,739</u>	<u>16,612,054</u>	<u>16,612,054</u>	<u>(2,976,315)</u>
Expenditures/expenses:						
Instruction	7,864,649	-	7,864,649	10,951,000	12,000,000	4,135,351
Support services	3,582,811	2,189	3,585,000	4,330,561	5,000,561	1,415,561
Non-instructional programs	-	350,501	350,501	324,139	479,470	128,969
Other expenditures	10,995,078	-	10,995,078	10,792,228	11,800,000	804,922
Total expenditures/expenses	<u>22,442,538</u>	<u>352,690</u>	<u>22,795,228</u>	<u>26,397,928</u>	<u>29,280,031</u>	<u>6,484,803</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(9,159,837)	348	(9,159,489)	(9,785,874)	(12,667,977)	3,508,488
Other financing sources(uses), net	<u>2,917,002</u>	-	<u>2,917,002</u>	<u>2,720,000</u>	<u>2,720,000</u>	<u>197,002</u>
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses and other financing uses	(6,242,835)	348	(6,242,487)	(7,065,874)	(9,947,977)	3,705,490
Balances beginning of year	<u>13,440,997</u>	<u>(25,739)</u>	<u>13,415,258</u>	<u>11,068,828</u>	<u>11,068,828</u>	<u>2,346,430</u>
Balances end of year	<u>\$ 7,198,162</u>	<u>(25,391)</u>	<u>7,172,771</u>	<u>4,002,954</u>	<u>1,120,851</u>	<u>6,051,920</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2015

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budget expenditures by \$2,882,103.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
REQUIRED SUPPLEMENTARY INFORMATION

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	\$ -	\$ 1,244,652	\$ 1,244,652	0.00%	\$ 4,367,794	28.50%
2011	July 1, 2009	-	1,244,652	1,244,652	0.00%	4,377,964	28.43%
2012	July 1, 2011	-	1,295,536	1,295,536	0.00%	5,317,637	24.36%
2013	July 1, 2011	-	1,172,246	1,172,246	0.00%	4,960,293	23.63%
2014	July 1, 2011	-	1,004,468	1,004,468	0.00%	5,810,692	17.29%
2015	July 1, 2014	-	1,286,008	1,286,008	0.00%	6,158,839	20.88%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 LAST FISCAL YEAR\*  
 REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.092599%
District's proportionate share of the net pension liability	\$ 3,747,577
District's covered-employee payroll	\$ 6,620,479
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	56.61%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\* The amount presented for each fiscal year were determined as of June 30.

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.  
**WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**  
**REQUIRED SUPPLEMENTARY INFORMATION**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 591,209	551,263	484,049	430,685	336,515	323,015	312,243	284,205	246,590	237,756
Contributions in relation to the statutorily required contribution	<u>(591,209)</u>	<u>(551,263)</u>	<u>(484,049)</u>	<u>(430,685)</u>	<u>(336,515)</u>	<u>(323,015)</u>	<u>(312,243)</u>	<u>(284,205)</u>	<u>(246,590)</u>	<u>(237,756)</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 6,620,479	6,173,158	5,583,033	5,336,865	4,841,942	4,647,698	4,917,213	4,697,603	4,288,522	4,134,887
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2015

*Changes of benefit terms:*

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

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

*Changes of assumptions:*

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

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

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

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

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2015

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

SUPPLEMENTARY INFORMATION

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 295,370	58,837	354,207
Receivables:			
Property tax:			
Delinquent	2,566	-	2,566
Succeeding year	299,999	-	299,999
Accounts	3,976	-	3,976
<b>TOTAL ASSETS</b>	<b>\$ 601,911</b>	<b>58,837</b>	<b>660,748</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 3,151	851	4,002
Deferred inflows of resources:			
Unavailable revenue:			
Succeeding year property tax	299,999	-	299,999
Fund balances:			
Restricted for:			
Management levy purposes	298,761	-	298,761
Student activities	-	58,801	58,801
Unassigned	-	(815)	(815)
Total fund balances	298,761	57,986	356,747
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 601,911</b>	<b>58,837</b>	<b>660,748</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 296,382	-	296,382
Other	13,028	260,492	273,520
State sources	5,252	-	5,252
Total revenues	<u>314,662</u>	<u>260,492</u>	<u>575,154</u>
Expenditures:			
Current:			
Instruction:			
Other	-	259,008	259,008
Support services:			
Administration	30,044	-	30,044
Operation and maintenance of plant	258,922	-	258,922
Total expenditures	<u>288,966</u>	<u>259,008</u>	<u>547,974</u>
Change in fund balances	25,696	1,484	27,180
Fund balances beginning of year	<u>273,065</u>	<u>56,502</u>	<u>329,567</u>
Fund balances end of year	<u>\$ 298,761</u>	<u>57,986</u>	<u>356,747</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS ACCOUNTS  
 JUNE 30, 2015

	Capital Projects			
	Statewide Sales, Services and Use Tax	Construction	Physical Plant and Equipment Levy	Total Capital Projects
<b>ASSETS</b>				
Cash and pooled investments	\$ 2,714,600	2,886,245	132,152	5,732,997
Receivables:				
Property tax				
Delinquent	-	-	3,426	3,426
Succeeding year	-	-	415,312	415,312
Due from other governments	134,199	-	-	134,199
<b>TOTAL ASSETS</b>	<b>\$ 2,848,799</b>	<b>2,886,245</b>	<b>550,890</b>	<b>6,285,934</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 330,291	25,987	1,148	357,426
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	415,312	415,312
Fund balances:				
Restricted for:				
School infrastructure	2,518,508	2,860,258	-	5,378,766
Physical plant and equipment	-	-	134,430	134,430
Total fund balances	2,518,508	2,860,258	134,430	5,513,196
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,848,799</b>	<b>2,886,245</b>	<b>550,890</b>	<b>6,285,934</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS ACCOUNTS  
 YEAR ENDED JUNE 30, 2015

	Capital Projects			
	Statewide Sales, Services and Use Tax	Construction	Physical Plant and Equipment Levy	Total
Revenues:				
Local sources				
Local tax	\$ -	-	398,792	398,792
Other	17,234	3,955	6,083	27,272
State sources	863,709	-	2,140	865,849
Total revenues	880,943	3,955	407,015	1,291,913
Expenditures:				
Current:				
Support services:				
Administration	60,702	28,630	37,039	126,371
Operation and maintenance of plant	74,678	-	79,972	154,650
Transportation	95,121	-	-	95,121
Capital outlay	5,116,618	3,528,748	251,450	8,896,816
Total expenditures	5,347,119	3,557,378	368,461	9,272,958
Excess(Deficiency) of revenues over(under) expenditures	(4,466,176)	(3,553,423)	38,554	(7,981,045)
Other financing sources(uses):				
General obligation bond issuance	-	2,950,000	-	2,950,000
Premium on bond issue	-	17,215	-	17,215
Discount on bond issue	-	(52,523)	-	(52,523)
Transfer out	(543,127)	-	(230,255)	(773,382)
Total other financing sources(uses)	(543,127)	2,914,692	(230,255)	2,141,310
Change in fund balances	(5,009,303)	(638,731)	(191,701)	(5,839,735)
Fund balances beginning of year	7,527,811	3,498,989	326,131	11,352,931
Fund balances end of year	\$ 2,518,508	2,860,258	134,430	5,513,196

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2015

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
<b>JH Athletic Accounts:</b>				
JH Co-ed Track	\$ -	804	804	-
JH Boys Basketball	-	1,032	1,032	-
JH Football	-	675	675	-
JH Wrestling	-	181	181	-
JH Girls Basketball	-	406	406	-
JH Volleyball	-	337	337	-
	-	3,435	3,435	-
<b>JH Athletic Fundraiser:</b>				
JH Boys Basketball	91	-	-	91
JH Football	226	-	226	-
JH Girls Basketball	247	-	-	247
JH Volleyball	217	-	-	217
Elementary Girls Basketball	688	-	-	688
	1,469	-	226	1,243
<b>HS Athletic Accounts:</b>				
HS General Athletics	7,298	24,500	24,681	7,117
HS Co-ed Track	-	2,670	2,670	-
HS Golf	-	445	445	-
HS Boys Basketball	-	2,617	2,617	-
HS Football	-	8,192	8,192	-
HS Baseball	-	4,364	4,364	-
HS Wrestling	-	2,291	2,291	-
HS Girls Basketball	-	5,368	5,368	-
HS Volleyball	-	3,727	3,727	-
HS Softball	-	5,879	5,879	-
	7,298	60,053	60,234	7,117
<b>HS Athletic Fundraiser:</b>				
Girls and Boys Golf	29	2,187	1,579	637
HS Co-ed Track Fundraiser	946	2,245	1,100	2,091
Weightlifting	28	-	-	28
HS Boys Basketball	2,745	3,569	3,050	3,264
HS Football	3,783	18,517	17,834	4,466
Baseball	(3,200)	46,261	42,690	371
HS Wrestling	384	1,433	1,760	57
HS Girls Basketball	2,149	931	989	2,091
HS Girls Volleyball	2,003	4,445	4,898	1,550
HS Girls Softball	1,553	17,765	16,568	2,750
	10,420	97,353	90,468	17,305
<b>Activities Accounts:</b>				
Cash on Hand	475	2,196	2,196	475
HS Cheerleaders	7,529	8,624	13,005	3,148
MS Cheerleaders	176	578	604	150
Class of 2015	8,270	1,714	9,984	-
Class of 2016	5,214	27,646	27,908	4,952
Class of 2017	-	10,771	8,330	2,441
HS Dance Team	4	9,901	9,705	200
Drama	2,979	1,249	1,762	2,466
National Honor Society	-	122	-	122
Flag Team Fundraiser	315	-	-	315
Jazz Festival	6,723	24,235	17,611	13,347
Marketing Fundraiser	603	-	-	603
STEM Club	-	152	20	132
Spanish Club	1,276	-	-	1,276
HS Student Council	970	3,543	2,608	1,905
MS Student Council	888	2,170	2,947	111
Yearbook	400	6,750	7,965	(815)
Elementary Student Council	1,054	-	-	1,054
Tri-M Fundraiser	439	-	-	439
	37,315	99,651	104,645	32,321
Total	\$ 56,502	260,492	259,008	57,986

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -  
 AGENCY FUND  
 YEAR ENDED JUNE 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b><u>Statewide Sales, Services and Use Tax</u></b>				
<b>ASSETS</b>				
Cash and pooled investments	\$ 203	-	-	203
<b>LIABILITIES</b>				
Due to other groups	\$ 203	-	-	203
<b><u>Teacher Pop</u></b>				
<b>ASSETS</b>				
Cash and pooled investments	\$ 4,811	812	-	5,623
<b>LIABILITIES</b>				
Due to other groups	\$ 4,811	812	-	5,623
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and pooled investments	\$ 5,014	812	-	5,826
<b>LIABILITIES</b>				
Due to other groups	\$ 5,014	812	-	5,826

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 4,906,911	4,891,486	5,270,699	5,138,771	4,846,166	4,462,938	4,334,175	3,562,849	3,411,897	2,970,812
Tuition	856,104	3,934,773	3,819,099	3,180,926	3,139,875	3,199,273	3,042,327	2,902,427	2,416,577	2,369,680
Other	459,918	571,853	468,256	389,231	414,454	382,451	525,164	490,237	387,814	367,226
State sources	6,471,667	5,580,573	4,749,979	4,557,865	3,796,564	3,520,267	4,018,933	3,846,070	3,627,329	3,201,767
Federal sources	588,101	548,337	522,547	707,802	723,654	1,028,426	469,552	387,945	366,931	392,317
<b>Total</b>	<b>\$ 13,282,701</b>	<b>15,527,022</b>	<b>14,830,580</b>	<b>13,974,595</b>	<b>12,920,713</b>	<b>12,593,355</b>	<b>12,390,151</b>	<b>11,189,528</b>	<b>10,210,548</b>	<b>9,301,802</b>
Expenditures:										
Current:										
Instruction:										
Regular	\$ 4,752,425	4,687,563	4,213,839	4,050,095	3,209,307	3,192,705	3,352,348	3,477,718	3,113,317	2,672,466
Special	1,644,315	4,296,764	4,026,606	3,714,620	3,651,361	3,697,322	3,684,357	3,400,319	3,048,937	2,804,889
Other	1,467,909	1,318,646	1,277,529	1,327,989	1,302,638	1,127,644	854,627	584,943	435,368	639,858
Support services:										
Student	370,756	364,649	288,808	231,888	208,513	284,119	228,214	195,404	205,935	181,587
Instructional staff	301,312	317,136	279,318	603,979	221,919	260,217	217,634	190,316	190,944	251,380
Administration	1,278,175	1,790,179	1,249,663	1,235,954	1,147,874	953,422	966,516	980,359	1,018,479	997,818
Operation and maintenance of plant	1,165,118	1,163,646	959,605	874,470	811,331	871,673	673,494	651,067	630,563	518,574
Transportation	467,450	525,188	365,086	317,957	373,584	269,129	292,760	407,459	365,278	356,718
Non-instructional programs	-	-	-	-	-	25	-	-	-	-
Capital outlay	8,896,816	2,083,315	526,544	163,588	715,412	1,731,187	4,776,431	941,913	762,944	1,486,917
Long-term debt:										
Principal	1,050,295	2,801,574	585,199	572,999	515,000	742,935	761,309	522,319	461,462	336,864
Interest	671,170	612,686	369,977	371,290	388,105	418,625	443,513	171,897	168,299	163,341
Other expenditures:										
AEA flow-through	376,797	333,939	319,167	299,111	306,467	305,777	270,262	254,635	235,532	206,218
<b>Total</b>	<b>\$ 22,442,538</b>	<b>20,295,285</b>	<b>14,461,341</b>	<b>13,763,940</b>	<b>12,545,044</b>	<b>13,549,003</b>	<b>16,251,203</b>	<b>11,523,714</b>	<b>10,401,526</b>	<b>10,410,412</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2015

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 15	\$ 16,341
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 15	115,619
SPECIAL MILK PROGRAM FOR CHILDREN	10.556	FY 15	1,640
			<u>133,600</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 15	425,338
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 15	17,282
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 15	5,505
HEARTLAND AREA EDUCATION AGENCY 11: SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 15	42,395
MADRID COMMUNITY SCHOOL DISTRICT: VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 15	7,763
NATIONAL ENDOWMENT FOR THE ARTS:			
IOWA ARTS COUNCIL:			
PROMOTION OF THE ARTS - PARTNERSHIP AGREEMENTS	45.025	FY 15	200
TOTAL			<u>\$ 632,083</u>

\* - Includes \$19,521 of non-cash awards.

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Woodward-Granger Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards

To the Board of Education of the  
Woodward-Granger Community School District:

We have audited in accordance with U.S. generally accepted auditing standard and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodward-Granger Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 25, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Woodward-Granger Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Woodward-Granger Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Woodward-Granger Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting we consider to be a material weakness and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatement on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-15 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-15 through II-C-15 to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodward-Granger 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, 2015 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.

### Woodward Granger CSD Responses to Findings

Woodward-Granger Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Woodward-Granger Community School District's responses and, accordingly, we express no opinion on them.

### Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

January 25, 2016  
Newton, Iowa

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**117 West 3rd Street North, Newton, Iowa 50208-3040**  
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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  
Woodward-Granger Community School District

Report on Compliance for Each Major Federal Program

We have audited the compliance of Woodward-Granger Community School District 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 Woodward-Granger Community School District's major federal programs for the year ended June 30, 2015. Woodward-Granger 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 Woodward-Granger 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 Woodward-Granger 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 of the major federal programs. However, our audit does not provide a legal determination on Woodward-Granger Community School District's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Woodward-Granger Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect to each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Woodward-Granger 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, we considered Woodward-Granger Community School District's internal control over compliance with requirements that could have a direct and material effect on a 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 Woodward-Granger Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

A deficiency in the District's 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-15 to be a material weakness.

Woodward-Granger Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Woodward-Granger Community School District's responses and, accordingly, we express no opinion on them.

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.



NOLTE, CORNMAN & JOHNSON, P.C.

January 25, 2016  
Newton, Iowa

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness and significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - Individual Program:
    - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Woodward-Granger Community School District did not qualify as a low-risk auditee.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-15 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over one or more of the following areas for the District:

- 1) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 2) Disbursements - purchase order processing, check preparation, mailing and recording.
- 3) Capital assets - purchasing, recording and reconciling.
- 4) Wire transfers - processing and approving.
- 5) Transfers - preparing and approving.
- 6) Financial reporting - preparing, reconciling and approving.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing current personnel, including elected officials.

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

II-B-15 Deficit Lunch Account Balances - During our audit we note multiple negative student lunch account balances on the District's financial statements at June 30, 2015. Some of these negative amounts appeared to be excessive.

Recommendation - The District should develop policies regarding the treatment of negative account balances aimed at discouraging accounts from becoming excessively negative. The District may also wish to investigate alternatives to bring negative accounts back to a positive balance.

Response - We hired a collection agency to pursue students with high negative balances for one year with limited success. The Board passed a policy that does not allow middle school/high school students to eat school lunch if they owe over \$40.

Conclusion - Response accepted.

II-C-15 Board Policies - We noted during our audit some of the policies in the District's board policy book appear to have not been kept up to date. All board policies should be reviewed every five years and documented when approved and reviewed.

Recommendation - The District should review the board policy book and update all policies that have not been updated within the past five years. The District should take

steps to review board policies in a more timely manner.  
Response - We will review the policies every five years.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 84.010 - Title I Grants to Local Educational Agencies  
Federal Award Year: 2015  
U.S. Department of Education  
Passed through the Iowa Department of Education

III-A-15 Segregation of Duties - One important aspect of internal accounting control is the (2015-001) segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over one or more of the following areas for the District:

- 1) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 2) Disbursements - purchase order processing, check preparation, mailing and recording.
- 3) Financial reporting - preparing, reconciling and approving.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing current personnel, including elected officials.

Response and Corrective Action Planned - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget - District disbursements for the year ended June 30, 2015 did not exceed the amount budgeted.

IV-B-15 Questionable Disbursements - We noted that the District is reimbursing students for taking AP exams. Reimbursing students for taking AP exams does not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures it has in place and make necessary adjustments to ensure that all purchases meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Response - The District will require students to pay for AP exams.

Conclusion - Response accepted.

IV-C-15 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-15 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Michael Blaser, Bus Driver Owner of Blaser Electric	Services	\$2,632
Adrienne Fuson, Secretary Spouse owns Exterior Surgeons	Services	\$900

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with the District employee does not appear to represent conflicts of interest.

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the relative of the District employee does not appear to represent conflicts of interest.

IV-E-15 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 insure that the coverage is adequate for current operations.

IV-F-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-15 Certified Enrollment - No variances regarding the basic enrollment data certified to the Iowa Department of Education were noted.

IV-H-15 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-15 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-J-15 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-K-15 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-15 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.3 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 Reports (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2015 audit:

Beginning balance		\$7,527,811
Revenues:		
Sales tax revenues	\$ 863,709	
Other local revenues	17,234	880,943
		<u>8,408,754</u>
Expenditures/transfers out:		
School infrastructure construction	\$ 5,094,855	
Equipment	249,581	
Other	2,683	
Transfers to other funds:		
Debt service fund	543,127	5,890,246
		<u>5,890,246</u>
Ending balance		<u>\$2,518,508</u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-M-15 Financial Condition - At June 30, 2015, the District had a deficit unrestricted net position of \$3,906,976 in the governmental activities. The District has a deficit unrestricted net position in the Enterprise, School Nutrition Fund of \$101,955 and a deficit total net position of \$25,391. The primary reason for these deficit net positions is due to the implementation of GASB Statements No. 68 and No. 71 during the year. We also noted an account in the Student Activity Fund with a deficit balance of \$815.

Recommendation - The District should take steps to ensure the District's administration and Board of Education understand this accounting change/restatement and how GASB Statements No. 68 and 71 will affect the District's financials moving forward.

Response - The District's governmental activities went deficit due to the implementation of GASB Statement No. 68 and No. 71 in fiscal year 2015 which require the District to show its proportionate share of the IPERS funding deficit as a liability on the Statement of Net Position. The District's governmental activities net pension liability was \$3,747,577 at June 30, 2015.

Conclusion - Response accepted.

IV-N-15 Interfund Loans - We noted during our audit that the District has an interfund loan which was on the balance sheets in the prior year and still on the current year balance sheets.

According to a declaratory order issued by the Iowa Department of Education to the Auditor of State dated April 11, 2010, interfund loans on the District's year-end financial statements must be repaid to their respective funds on or before October 1<sup>st</sup> of the following fiscal year or the date of the District's Board of Directors organizational meeting, whichever is later. If the District is unable to repay the interfund loans by that time, the District must issue anticipatory warrants to repay the interfund loans according to Iowa Code Chapter 74.

Recommendation - The District should investigate available alternatives in an effort to comply with the Declaratory Order dated April 11, 2010.

Response - The District will investigate options for obtaining a loan for the Nutrition Fund.

Conclusion - Response accepted.

IV-O-15 Credit Card Purchases - We noted instances of the expenses on the District's credit card that lacked a detailed receipt. The School Board Policy 401.10 states in part "Employees and officers using a school district credit card must submit a detailed receipt in addition to a credit card receipt indicating the date, purpose and nature of the expense for each claim. Failure to provide a proper receipt will make the employee responsible for expenses incurred."

Recommendation - The District should review Board Policy 401.10 with employees and require the necessary documentation be provided to the central office.

Response - Receipts are required to be turned in for all physical purchases and order confirmations or receipts for online purchases. We will have more staff training on the proper use of credit cards.

Conclusion - Response accepted.

IV-P-15 Student Activity Fund - Student Activity Fund - In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for students.

**Questionable Account:** We noted a Cash on Hand account in the Student Activity Fund. The revenues and expenditures related to these accounts appear to be for instructional items and therefore, would be more appropriately handled in the General Fund.

Recommendation - The District should review the propriety of the revenues and expenditures that are approved in the Student Activity Fund. The revenues and expenditures in the Cash on Hand account appear to be more instructional in nature and would be more appropriate in the General Fund.

Response - We have created a petty cash account for the high school in the General Fund. We deposited the undesignated activity fund account into the general athletic account in the Activity Fund.

Conclusion - Response accepted.

IV-Q-15 Exclusive Vendor Contract - We noted the District has an exclusive vendor contract with PepsiAmerica that includes a payment to the District for commission. The District currently receipts this revenue into the Special Revenue, Student Activity Fund. According to guidance provided by the Iowa Department of Education, Auditor of State and the Iowa Attorney General's Opinion dated February 15, 2000, Districts must record the revenue from exclusive vendor contracts in the General Fund.

Recommendation - The District should receipt the commission money received as a result of the exclusive vendor contract into the General Fund.

Response - The District will receipt the commission money into the General Fund.

Conclusion - Response accepted.

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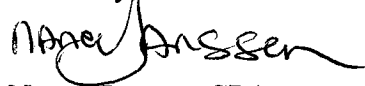
Email [ncjcpa@mediacombb.net](mailto:ncjcpa@mediacombb.net)

March 25, 2016

Bob Torrence:

The Woodward-Granger's general fund revenues were down in 2014-2015 because of a change in how the Iowa Department of Education wanted the activity of the Grandwood Special Education Program to be handled by the District. Instead of running all of the revenues and expenditures through the school's books, they wanted the deposits treated as deposits payable on the balance sheet. The money receipted into this account was used to pay consortium expenses, resulting in the Woodward-Granger School District's revenues and expenses being reduced by approximately \$3,000,000 for the 2014-2015 year end. This change will not affect revenues or expenses in the future years.

Sincerely,



Nancy Janssen CPA