

**Iowa City Community School District
Iowa City, Iowa**

Annual Comprehensive Financial Report
Year Ended June 30, 2023

Iowa City Community School District Iowa City, Iowa

Annual Comprehensive Financial Report
Year Ended June 30, 2023

**Official Issuing Report:
Adam Kurth
Chief Financial Officer**

**Office Issuing Report:
Education Services Center**

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August 27, 2025

The Board of Education and Residents
Iowa City Community School District

I am pleased to submit the Annual Comprehensive Financial Report of the Iowa City Community School District (the District) for the fiscal year ended June 30, 2023. The report has been prepared to conform to guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada. The responsibility for the accuracy and completeness of the presentation, including all disclosures, rests with the officials of the District's Central Administration staff. We believe that the data is accurately presented, in all material respects; that the data fairly sets forth the financial position and results of operations of the District as measured by the financial activity of the various funds; and that all necessary disclosures have been included in order to enable the reader to gain a maximum understanding of the District's financial affairs.

RSM US LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the District's basic financial statements for the fiscal year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

The Annual Comprehensive Financial Report is presented in four sections: introductory, financial, statistical, and single audit compliance. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal District officials. The financial section includes the independent auditor's report, the Management's Discussion and Analysis (MD&A), the basic financial statements, and the combining and individual fund financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The District was required to undergo a single audit in conformity with the provisions of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this single audit, including a schedule of expenditures of federal awards, summary schedule of prior audit findings, the independent auditor's reports on internal control and compliance, a schedule of findings and questioned costs, and the corrective action plan, are included in the single audit compliance section of this report.

Matthew Degner – Superintendent of Schools • R Chace Ramey – Deputy Superintendent

It is the policy of the Iowa City Community School District not to discriminate on the basis of race, color, national origin, sex, disability, religion, creed, age, marital status, sexual orientation, gender identity and socioeconomic status in its educational programs, activities, or employment practices. There is a grievance procedure for processing complaints of discrimination. If you have questions or a grievance related to this policy, please contact Laura Cottrell (Executive Director of Educational Services & Student Success) for programming at cottrell.laura@iowacityschools.org

Nick Proud (Chief Human Resources Officer) for employment at proud.nick@iowacityschools.org, 1725 N. Dodge Street, Iowa City, Iowa 52245, (319) 688-1000; or if you are unsure how to proceed or would like assistance in discussing your options, you may also contact Janet Abejo-Parker at ombuds@iowacityschools.org or (319) 688-1312.



This report includes all funds of the Iowa City Community School District. The District provides a full range of programs and services including instructional, administrative, transportation, food service, maintenance of sites and facilities, custodial, clerical, co-curricular and athletic activities, and community education.

Profile of the Government

The Iowa City Community School District operates in accordance with Dillon's Rule and maintains fiscal independence from other governmental entities. The District follows accounting principles generally accepted in the United States of America (GAAP) and prepares its financial statements in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34.

The Iowa City Community School District is a political subdivision of the State of Iowa and provides public education for students from preschool through grade twelve. The District is governed by a seven-member Board of Education elected on a nonpartisan basis for staggered four-year terms. The Board serves as the policymaking body, with administrative implementation led by the Superintendent and Central Office leadership.

As of the 2022 certified enrollment count (October 2022), the District served 14,440 students. It is the fourth largest public school district in Iowa and spans approximately 133 square miles, encompassing the communities of Iowa City, Coralville, University Heights, Hills, and North Liberty, along with surrounding rural areas in central Johnson County.

The District operates three comprehensive high schools, an alternative high school, three junior high schools, 21 elementary schools, and a center for offsite programs. A K-12 Online Learning Program approved by the Iowa Department of Education also continued operations in fiscal year 2023 ("FY23"). Additional District facilities include a maintenance/warehouse site, transportation facility, administrative/professional development center, and multiple athletic complexes. In FY23, the District was actively engaged in planning and early construction efforts aligned with Facilities Master Plan 2.0, which will expand the District's three junior high schools into full middle schools serving grades 6-8 by the 2024-25 school year. Each building's enrollment is projected to increase by roughly 50% to accommodate this transition.

Educational offerings include a comprehensive instructional program tailored for students from early childhood through high school. The District provides a range of services including regular and enriched academic education, special education, vocational education, and specialized programming for students at risk, gifted students, and English language learners.

Matthew Degner – Superintendent of Schools • R Chace Ramey – Deputy Superintendent

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Relevant Financial Policies

The Iowa City Community School District operates under the statutory requirements of the Code of Iowa and policies established by the local Board of Directors. A comprehensive accounting system is maintained in accordance with the Iowa Department of Education's Uniform Financial Accounting System, which includes account classifications for revenues and expenditures by function, object, source, location, curricular program, and funding source. Annual budgets are submitted to the Iowa Department of Management, and annual financial reports are submitted to the Department of Education in the prescribed formats. The District also submits periodic financial reports to federal and state granting agencies as required.

The Board of Education exercises strong financial oversight and has adopted policies to guide budgeting, quarterly financial reporting, procurement, facilities planning, insurance, and cash management. Idle funds are invested in instruments permitted under Board policy, including certificates of deposit, money markets, and pooled investment trusts. A quarterly investment report is prepared, comparing investment performance against benchmark rates.

Economic Condition and Outlook

The Iowa City Community School District is located in one of Iowa's most dynamic and steadily growing regions. Anchored by the University of Iowa and a strong healthcare sector, the Iowa City metropolitan area has long been recognized for its stable economy, quality of life, and educational excellence. While local growth trends remained positive in FY23, the broader economic environment reflected post-COVID transitions, rising inflation, and tightening labor markets.

The District's tax base increased modestly during FY23, with a valuation growth of approximately 0.5%. Although enrollment continues to recover, the official certified enrollment of 14,440 in October 2022 remains below the District's pre-pandemic peak. Projections for future years suggest continued enrollment stability with limited year-over-year increases.

By the end of FY23, the District had strategically utilized nearly all of its remaining Elementary and Secondary School Emergency Relief (ESSER) funds. These one-time federal resources were directed toward learning recovery initiatives, staffing supports, and campus safety enhancements in response to the pandemic's impact. As these funds sunset, the District faces new budgetary pressures stemming from inflation and rising labor costs, particularly in classified staff positions such as nutrition services and paraeducators.

Looking ahead, the statewide expansion of Education Savings Accounts (ESAs) introduces uncertainty regarding future public school funding levels and enrollment trends. While the full impact is yet to materialize,

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the District remains closely engaged in legislative monitoring and long-range planning to safeguard its financial health.

Despite these challenges, the local economy remains fundamentally strong. Major employers such as the University of Iowa and the University of Iowa Hospitals and Clinics continue to anchor the area's workforce. Iowa City consistently ranks among the top U.S. communities for quality of life and educational access, and its designation as a UNESCO City of Literature continues to distinguish it nationally and internationally. The District's strong community partnerships and regional planning efforts including ongoing coordination within the Iowa City-Cedar Rapids technology corridor position it well for continued resilience.

Construction and Capital Projects

The Iowa City Community School District has a longstanding commitment to facility stewardship and strategic capital planning. In FY23, the District transitioned from its first 10-year Facilities Master Plan, which concluded ahead of schedule and under budget, to the launch of Facilities Master Plan 2.0. This new phase prioritizes expansion and modernization efforts to support evolving instructional needs and projected enrollment shifts.

A key focus of Facilities Master Plan 2.0 is the conversion of the District's three junior high schools (serving grades 7–8) into full middle schools serving grades 6–8. This structural shift is scheduled to take effect in August 2024, with facility expansions and renovations well underway during FY23 to accommodate the anticipated ~50% enrollment increases at each site. This marks one of the most significant instructional and infrastructure transitions the District has undertaken.

In addition, major expansion and renovations at City High School and West High School neared completion during FY23, continuing the District's investment in high school capacity, accessibility, and program quality.

These capital efforts are supported in part through revenues generated by the statewide Secure an Advanced Vision for Education (SAVE) one-cent sales tax. In November 2021, District voters approved an extension of the District's Revenue Purpose Statement to align with legislative changes, allowing for long-term planning and debt service flexibility. SAVE funds remain a critical component of the District's strategy to invest in high-quality learning environments while minimizing the impact on property taxpayers.

The District continues to pursue energy-efficient construction practices and has received multiple awards and utility rebates for high-efficiency design. These investments not only reduce the District's environmental footprint but also generate long-term cost savings in utility expenditures.

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Other Financial Information

The administration of the Iowa City Community School District is responsible for establishing and maintaining a system of internal controls designed to protect District assets from loss, theft, or misuse, and to ensure the accurate recording and reporting of financial data in accordance with generally accepted accounting principles. These internal controls are designed to provide reasonable assurance - not absolute assurance - that these objectives are met, balancing the cost of controls with the benefit derived.

As a recipient of federal, state, and county financial assistance, the District is also responsible for ensuring compliance with applicable laws and regulations related to those programs. Internal controls are evaluated on a regular basis by District management and external auditors to assess their effectiveness in achieving compliance and safeguarding public resources.

As part of the single audit conducted for FY23 under the Uniform Guidance, the auditors assessed the adequacy of internal controls over financial reporting and compliance with requirements related to major federal awards programs. The results of the FY23 single audit reported two instances of noncompliance with certain federal regulations, two significant deficiencies and one material weakness in internal controls.

The District maintains formal budgetary controls to ensure compliance with legal and policy requirements. The legally adopted annual budget encompasses the General Fund, special revenue funds, Debt Service Fund, enterprise funds, and the Capital Projects Fund. The statutory level of budgetary control is at the function level for all funds combined. Capital project funds are managed through project-length financial plans and monitored annually. The District's financial practices and reporting are aligned with the Uniform Financial Accounting for Iowa LEAs and AEAs and the accounting principles issued by GASB and the AICPA.

Cash management practices during FY23 remained conservative and responsive to market conditions. The District invests idle funds in compliance with its Board-approved investment policy, prioritizing safety and liquidity while seeking competitive yields. Rising interest rates in the latter half of FY23 led to modest improvements in investment returns, offering slight relief to operational budgets constrained by inflationary pressure.

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Acknowledgments

The preparation of this report reflects the dedication and professionalism of the District's financial staff. Special recognition is due to the accounting team and our audit partners at RSM US LLP, whose commitment to accuracy and transparency ensures the District's financial integrity. I also wish to thank the Board of Education for its ongoing support of sound fiscal practices and its strategic investment in student learning and operational excellence.

Respectfully submitted,

Adam Kurth
Chief Financial Officer

Matthew Degner – Superintendent of Schools • R Chace Ramey – Deputy Superintendent

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Iowa City Community School District

Matt Degner
Superintendent of Schools

Chace Ramey
Deputy Superintendent

Executive Cabinet

Laura Cottrell
Executive Director of
Educational Services &
Student Success

Adam Kurth
Chief Financial Officer

Kristin Pedersen
Director of Community
Relations

Curt Pratt
Chief Operating Officer

Eliza Proctor
Executive Director of
Elementary Schools

Lucas Ptacek
Executive Director of
Secondary Schools

Nick Proud
Chief Human Resources
Officer

Operations Directors

Kate Callahan
Director of Student
Services

Carmen Gwenigale
Director of Curriculum,
Instruction, Assessment

Alan Moran
Director of Finance

Alison Demory
Director of Nutrition
Services

Ashley Reed
Director of Special
Education

Iowa City Community School District

**Board of Education and School District Officials
Year Ended June 30, 2023**

Board of Education

For the Period July 1, 2022 to June 30, 2023:

| Name | Title | Term Expires |
|--------------------|----------------|---------------|
| Ruthina Malone | President | November 2025 |
| J.P. Claussen | Vice President | November 2025 |
| Molly Abraham | Board Member | November 2023 |
| Charlie Eastham | Board Member | November 2023 |
| Jayne Finch | Board Member | November 2025 |
| Lisa Williams | Board Member | November 2023 |
| Maka Pilcher Hayek | Board Member | November 2023 |

School District Officials

| | | |
|-----------------------|----------------|-----------|
| Matt Degner | Superintendent | Appointed |
| Leslie J. Finger | Treasurer | Appointed |
| Ahlers & Cooney, P.C. | Attorney | Appointed |
| Kim Colvin | Secretary | Appointed |



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Iowa City Community School District

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

John W. Hutchison
President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director



RSM US LLP

Independent Auditor's Report

Board of Education
Iowa City Community School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Iowa City Community School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the schedule of the District's proportionate share of the net pension liability and schedule of District contributions for the Iowa Public Employees' Retirement System, the schedule of changes in the District's total other postemployment benefit plan liability and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining nonmajor governmental fund financial statements and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying combining nonmajor governmental fund financial statements and the accompanying schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RSM US LLP

Davenport, Iowa
August 27, 2025

Iowa City Community School District

Management's Discussion and Analysis (unaudited) For Fiscal Year Ended June 30, 2023

Iowa City Community School District (the 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, 2023. We encourage readers to consider this information in conjunction with the District's financial statements.

Financial Highlights

Total net position increased \$21,075,579 from \$220,763,008 in 2022 to \$241,838,587 in 2023. Total revenues for the fiscal year 2023 increased \$14,512,588 from 2022. Total expenses increased from \$231,312,063 in 2022 to \$255,441,329 in 2023.

General Fund revenues increased from \$196,760,462 in fiscal year 2022 to \$209,488,033 in fiscal year 2023, while General Fund expenditures increased from \$202,187,558 in fiscal year 2022 to \$207,876,297 in fiscal year 2023. In addition, the District transferred \$1,523,569 to other funds during fiscal year 2023. This resulted in an increase in the District's General Fund balance from \$10,063,054 in fiscal year 2022 to \$10,151,221 in fiscal year 2023.

The increase in General Fund revenues for fiscal year 2023 was attributable to an increase in property tax revenues and 2.50% supplemental state aid as provided in the state funding formula by the Iowa Legislature, along with approximately \$19M provided from federal resources as a response to the coronavirus (COVID-19) pandemic. The increased expenditures in the General Fund were due to negotiated salary increases and increased staffing to serve student instructional and behavioral needs as a result of the coronavirus pandemic.

Overview of the Financial Statements

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

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

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

Iowa City Community School District

Management’s Discussion and Analysis (unaudited)
For Fiscal Year Ended June 30, 2023

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

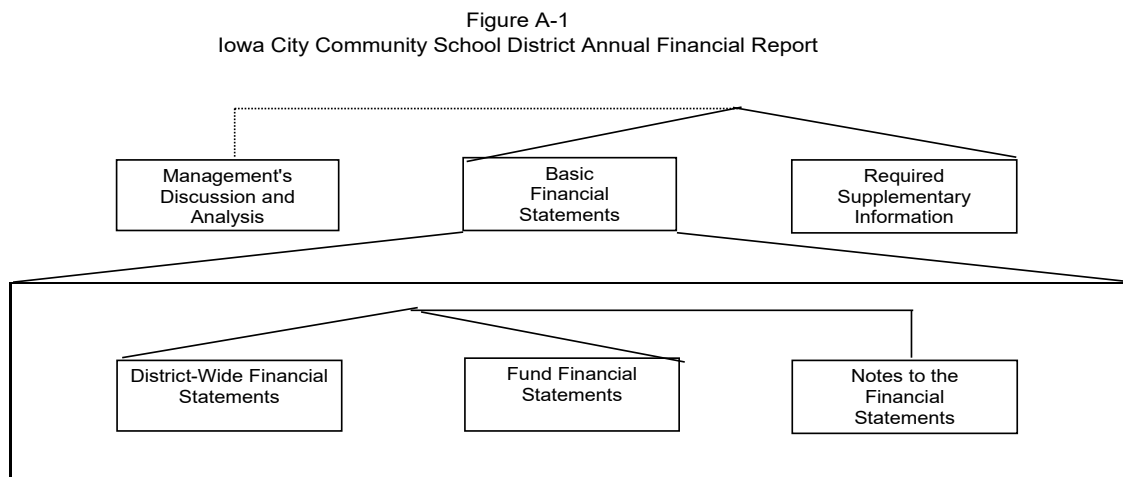


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management’s discussion and analysis highlights the structure and contents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

| Figure A-2 Major Features of the 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 such as food services | Instances in which the District administers resources on behalf of someone else, such as scholarship programs |
| Required financial statements | Statement of net position Statement of activities | Balance sheet Statement of revenues, expenditures and changes in fund balances | Statement of fund net position Statement of revenues, expenses and changes in net position Statement of cash flows | Statement of fiduciary net position Statement of changes in fiduciary net position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, short-term and long-term | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets and liabilities, both financial and capital, and short-term and long-term | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can |
| Type of inflow/outflow information | All revenues and expenses during the 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 |

Iowa City Community School District

Management's Discussion and Analysis (unaudited) For Fiscal Year Ended June 30, 2023

Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – are one way to measure the District's financial health or position. To assess the District's overall health, you need to consider additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

For 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 as a business-type activity.

Fund Financial Statements

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

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

The District has three kinds of funds:

- **Governmental funds.** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information following the governmental fund statements explains the relationship or differences between the two statements.
 - ✓ The District's governmental funds include the General Fund, Physical Plant and Equipment Levy Fund, Management Fund, Student Activity Fund, Debt Service Fund and two Capital Projects Funds.
- **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 statements.
 - ✓ The District's enterprise fund, one type of proprietary fund, is encompassed in the District's business-type activities, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.

Iowa City Community School District

Management's Discussion and Analysis (unaudited) For Fiscal Year Ended June 30, 2023

- ✓ Internal service funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for other District programs and activities. The District currently uses an Internal Service Fund to account for its self-insured health insurance and dental insurance funds.
- Fiduciary funds. The District is the trustee, or fiduciary, for assets that belong to others. These funds include a Private-Purpose Trust fund.
 - ✓ Private-Purpose Trust Fund – The District accounts for assets for scholarships for individual students in this fund according to the terms of the donor's request.

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 government-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net position: Figure A-3 below provides a summary of the District's net position for the year ended June 30, 2023 compared to 2022:

Figure A-3
Condensed Statement of Net Position

| | Governmental Activities | | Business-Type Activities | | Total School District | | Total Change 2023-2022 |
|----------------------------------|-------------------------|--------------------|--------------------------|---------------------|-----------------------|-----------------------|---------------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | |
| Current and other assets | \$ 282,453,017 | \$ 193,829,600 | \$ 7,917,704 | \$ 6,542,895 | \$ 290,370,721 | \$ 200,372,495 | \$ 89,998,226 |
| Capital assets | 507,823,544 | 481,742,640 | 618,442 | 461,153 | 508,441,986 | 482,203,793 | 26,238,193 |
| Total assets | 790,276,561 | 675,572,240 | 8,536,146 | 7,004,048 | 798,812,707 | 682,576,288 | 116,236,419 |
| Deferred outflows of resources | 20,189,068 | 17,682,718 | 395,424 | 342,992 | 20,584,492 | 18,025,710 | 2,558,782 |
| Long-term obligations | 388,217,224 | 241,931,770 | 1,227,016 | 41,087 | 389,444,240 | 241,972,857 | 147,471,383 |
| Other liabilities | 56,655,945 | 46,472,425 | 194,385 | 234,367 | 56,850,330 | 46,706,792 | 10,143,538 |
| Total liabilities | 444,873,169 | 288,404,195 | 1,421,401 | 275,454 | 446,294,570 | 288,679,649 | 157,614,921 |
| Deferred inflows of resources | 131,109,307 | 189,590,133 | 154,735 | 1,569,208 | 131,264,042 | 191,159,341 | (59,895,299) |
| Net position: | | | | | | | |
| Net investment in capital assets | 245,153,777 | 242,903,354 | 618,442 | 461,153 | 245,772,219 | 243,364,507 | 2,407,712 |
| Restricted | 25,183,021 | 13,993,644 | - | - | 25,183,021 | 13,993,644 | 11,189,377 |
| Unrestricted | (35,853,645) | (41,636,368) | 6,736,992 | 5,041,225 | (29,116,653) | (36,595,143) | 7,478,490 |
| Total net position | \$ 234,483,153 | 215,260,630 | \$ 7,355,434 | \$ 5,502,378 | \$ 241,838,587 | \$ 220,763,008 | \$ 21,075,579 |

The District's total assets increased by 17% during the year ended June 30, 2023. Cash increased by over \$77 million due to the issuance of a revenue bond shortly before year-end. Capital assets, which make up the vast majority of the District's asset base, grew by just over 5 percent after accounting for annual depreciation. This growth reflects continued investment in construction and equipment, with additions outpacing depreciation expense.

Iowa City Community School District

Management's Discussion and Analysis (unaudited) For Fiscal Year Ended June 30, 2023

Deferred outflows of resources increased by \$2,558,782 primarily from amounts recorded for the IPERS defined benefit pension program as detailed in Note 7.

Long-term obligations increased by \$147,471,383 and other liabilities increased by \$10,143,538, compared to the prior year. This growth primarily reflects additional revenue bond borrowing to support the Facilities Master Plan (FMP 2.0), with several major construction projects underway, including middle school expansions to add 6th grade at all three campuses. The District's net pension liability increased by approximately \$59.2 million. Other liabilities increased by approximately 18%.

The total net position of the District's business-type activities increased by \$1,853,056 compared to the prior year's balance. This increase is due primarily to higher revenues in the District's nutrition program, driven by increased participation and continued federal reimbursements following the pandemic-era meal programs.

Changes in net position – Figure A-4 shows the changes in net position for the years ended June 30, 2023 and 2022:

Figure A-4
Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Total School District | |
|------------------------------------|-------------------------|--------------------|--------------------------|-------------------|-----------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for service and sales | \$ 2,914,550 | \$ 3,148,593 | \$ 3,903,848 | \$ 908,370 | \$ 6,818,398 | \$ 4,056,963 |
| Operating grants and contributions | 48,064,630 | 42,848,684 | 5,646,825 | 9,188,778 | 53,711,455 | 52,037,462 |
| Capital grants and contributions | 24,344 | 920,352 | - | - | 24,344 | 920,352 |
| General revenues: | | | | | | |
| Property taxes | 114,990,467 | 110,598,710 | - | - | 114,990,467 | 110,598,710 |
| Sales tax | 17,286,867 | 17,548,220 | - | - | 17,286,867 | 17,548,220 |
| Unrestricted state grants | 78,202,001 | 71,705,543 | - | - | 78,202,001 | 71,705,543 |
| Unrestricted investment earnings | 3,364,138 | 183,078 | 111,564 | 6,877 | 3,475,702 | 189,955 |
| Gain on disposal of fixed assets | - | 1,079,733 | - | - | - | 1,079,733 |
| Other | 2,007,674 | 3,867,382 | - | - | 2,007,674 | 3,867,382 |
| Total revenues | 266,854,671 | 251,900,295 | 9,662,237 | 10,104,025 | 276,516,908 | 262,004,320 |
| Expenses: | | | | | | |
| Governmental activities: | | | | | | |
| Instruction | 158,580,085 | 145,213,310 | - | - | 158,580,085 | 145,213,310 |
| Support services | 79,797,791 | 71,212,133 | - | - | 79,797,791 | 71,212,133 |
| Noninstructional programs | 712,318 | 564,895 | - | - | 712,318 | 564,895 |
| Other expenses | 8,541,954 | 7,198,852 | - | - | 8,541,954 | 7,198,852 |
| Business-type activities, | | | | | | |
| nutritional services | - | - | 7,809,181 | 7,122,873 | 7,809,181 | 7,122,873 |
| Total expenses | 247,632,148 | 224,189,190 | 7,809,181 | 7,122,873 | 255,441,329 | 231,312,063 |
| Change in net position | 19,222,523 | 27,711,105 | 1,853,056 | 2,981,152 | 21,075,579 | 30,692,257 |
| Net position, beginning of year | 215,260,630 | 187,549,525 | 5,502,378 | 2,521,226 | 220,763,008 | 190,070,751 |
| Net position, end of year | \$ 234,483,153 | \$ 215,260,630 | \$ 7,355,434 | \$ 5,502,378 | \$ 241,838,587 | \$ 220,763,008 |

Property and sales taxes and unrestricted state grants account for 76% of the total revenues for each of the years ended June 30, 2023 and 2022. The District's expenses primarily relate to instruction and support services which account for 93% and 94% of the total expenses for the years ended June 30, 2023 and 2022, respectively.

Iowa City Community School District

Management's Discussion and Analysis (unaudited) For Fiscal Year Ended June 30, 2023

Governmental Activities

Revenues for governmental activities were \$266,854,671 and expenses were \$247,632,148. This difference of \$19,222,523 was used primarily for scheduled repayments of general obligation bonds and capital loan notes. Revenues in the governmental activities increased \$14,954,376 or 5.9% over 2022. This increase is primarily from property taxes and state aid under the school funding formula, along with approximately \$19 million in federal support through the Elementary and Secondary School Emergency Relief (ESSER) and American Rescue Plan (ARP) programs. Investment earnings increased approximately \$3,181,000 compared to 2022.

The increase in expenses in governmental activities of \$23,442,958 or 10.5% is primarily attributable to adjustments in the net pension liability, in addition to increases in salaries and benefits from negotiated contract settlements and higher costs for instructional materials.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, noninstructional programs and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

| | 2023 | | 2022 | |
|---------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Instruction | \$ 158,580,085 | \$ 115,272,805 | \$ 145,213,310 | \$ 107,180,816 |
| Support services | 79,797,791 | 72,101,547 | 71,212,133 | 62,326,998 |
| Noninstructional programs | 712,318 | 712,318 | 564,895 | 564,895 |
| Other expenses | 8,541,954 | 8,541,954 | 7,198,852 | 7,198,852 |
| Totals | \$ 247,632,148 | \$ 196,628,624 | \$ 224,189,190 | \$ 177,271,561 |

- The cost financed by users of the District's programs was \$2,914,550 for 2023 and \$3,148,593 for 2022. This increase was primarily due to higher tuition revenue from services provided to students from other school districts
- Federal and state governments subsidized certain programs with grants and contributions totaling \$48,088,974 for 2023 and \$43,769,036 for 2022. This increase was driven by additional federal resources from ESSER and ARP legislation.
- The remaining net cost of governmental activities was financed with property tax, sales tax, state foundation aid and investment earnings.

Iowa City Community School District

Management's Discussion and Analysis (unaudited) For Fiscal Year Ended June 30, 2023

Business-Type Activities

Revenues of the District's business-type activities were \$9,550,673, excluding \$111,564 of investment earnings, and expenses were \$7,809,181. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and interest income. Revenues decreased by approximately 5% because the federal government discontinued the temporary COVID-19 provision that reimbursed meals for all students at free and reduced-price rates, which had been in place during the prior year. Expenses increased by 9.6% due to higher food, supply, and labor costs associated with supporting greater meal participation as students returned to in-person instruction

Financial Analysis of the District's Funds

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

Governmental fund highlights: 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 \$109,724,426 which was an increase of \$77,355,587 from last year's ending fund balances of \$32,368,839. The largest driver of this increase was the Capital Projects Fund, which rose substantially due primarily to the sale of revenue bonds that will be used for construction projects in the District's Facilities Master Plan and for technology investments.

- The District's General Fund's fund balance increase from \$10,063,054 in fiscal year 2022 to \$10,151,221 in fiscal year 2023. This is the product of many factors. The primary factor resulting in the General Fund's increased fund balance for the year ending June 30, 2023 was due to an influx of federal dollars to support pandemic response.
- The Physical Plant and Equipment Levy Fund balance increased from a balance of \$9,386,559 in fiscal year 2022 to \$11,278,298 in fiscal year 2023. This increase is primarily due to the District budgeting and expending funds for future facility projects and land acquisition in the ten year facility plan.
- The Capital Projects Fund balance increased from a balance of \$3,709,901 in fiscal year 2022 to \$83,721,329 in fiscal year 2023. This increase is primarily due to the sale of revenue bonds. These funds will be utilized for technology and construction projects in the next fiscal period.
- The Debt Service Fund balance decreased from a balance of \$972,107 in fiscal year 2022 to \$928,571 in fiscal year 2023. This decrease is primarily because property tax revenues collected were lower than expected due to valuations and timing changes from other legislative bodies.

Proprietary fund highlights: The School Nutrition Fund's net position increased from \$4,253,401 as of June 30, 2022 to \$6,072,119 as of June 30, 2023. The increase was primarily due to higher program participation, and controlling the supply and staffing costs to serve meals.

The Internal Service Fund for the District's self-insured health insurance fund and dental insurance funds decreased net position from \$20,033,624 in 2022 to \$19,287,092 in 2023. This decrease was due to increases in health care costs.

Iowa City Community School District

Management's Discussion and Analysis (unaudited) For Fiscal Year Ended June 30, 2023

Budgetary Highlights

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

Legal budgetary highlights: The District's total actual revenues were \$16,902,040 more than the total budgeted revenues, a variance of 6.5% from the final budget. This increase was primarily due to ESSER and ARP funds provided by federal legislation enacted from March 2020 to March 2021 and the federal lunch and breakfast revenues of the Enterprise Fund.

Total expenditures were less than the budgeted amount by \$17,307,630. It is the District's practice to budget expenditures at the maximum authorized spending authority as defined by the Code of Iowa. 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 the actual expenditures during the year. In addition, the Board of Directors has utilized a resource allocation model to manage the expenditure levels with available resources and to address the educational needs of the district's student enrollment. Increased expenditures in the instruction and support services categories were related to the additional expenditures that were reimbursed by the ESSER and ARP funds. The increased expenditures in the other expenditure categories were due to construction expenditures as planned in the District's facility master plan. However, these increases were less than was budgeted for.

Capital Asset and Debt Administration

Capital assets: As of June 30, 2023, the District had invested \$508 million, net of accumulated depreciation, in the broad range of capital assets, including land, buildings, athletic facilities, computers and equipment and right-to-use leased equipment. (See Figure A-6) This amount represents a net increase of \$26.2 million from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$14,985,031.

The original costs of the District's capital assets were approximately \$675.1 million. Governmental funds account for approximately \$673 million with the remainder in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the building and construction in progress categories. The district began construction on major additions to three middle schools to accommodate addition of 6th grade to the middle school level, while also implementing other renovation and addition projects throughout the district.

Figure A-6
Capital Assets, Net of Depreciation

| | Governmental Activities | | Business-Type Activities | | Total School District | | Total Change |
|-----------------------------------|-------------------------|-----------------------|--------------------------|-------------------|-----------------------|-----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023-2022 |
| Land | \$ 15,798,273 | \$ 15,538,273 | \$ - | \$ - | \$ 15,798,273 | \$ 15,538,273 | \$ 260,000 |
| Construction-in-progress | 30,731,363 | 20,994,643 | - | - | 30,731,363 | 20,994,643 | 9,736,720 |
| Buildings | 427,750,567 | 413,134,817 | - | - | 427,750,567 | 413,134,817 | 14,615,750 |
| Improvements other than buildings | 28,908,982 | 28,584,223 | - | - | 28,908,982 | 28,584,223 | 324,759 |
| Furniture and equipment | 4,407,165 | 3,240,697 | 618,442 | 461,153 | 5,025,607 | 3,701,850 | 1,323,757 |
| Right-to-use leased equipment | 201,741 | 249,987 | - | - | 201,741 | 249,987 | (48,246) |
| Right-to-use subscription assets | 25,453 | - | - | - | 25,453 | - | 25,453 |
| Total | \$ 507,823,544 | \$ 481,742,640 | \$ 618,442 | \$ 461,153 | \$ 508,441,986 | \$ 482,203,793 | \$ 26,238,193 |

Iowa City Community School District

Management's Discussion and Analysis (unaudited) For Fiscal Year Ended June 30, 2023

Long-term debt: As of June 30, 2023, the District had \$340.5 million in general obligation and other long-term debt outstanding. This represents an increase of approximately \$93.9 million from last year. The increase in the early retirement obligation is due to more employees accepting the District's early retirement incentive in 2023 compared to 2022 as part of management's plan to reduce and control General Fund expenditures. The decrease in general obligation bonds and related premiums was related to the repayment and amortization of the debt for previously issued bonds. Sales tax revenue increased due to the issuance of two new bonds, which was partially offset by the refunding of an earlier bond.

(See Figure A-7) More detailed information about the District's long-term liabilities are available in Note 6 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

| | Total School District | | Total Change |
|-------------------------------------|-----------------------|-----------------------|----------------------|
| | 2023 | 2022 | 2023-2022 |
| General obligation bonds | \$ 156,815,000 | \$ 164,020,000 | (7,205,000) |
| Premium on general obligation bonds | 8,712,068 | 9,879,653 | (1,167,585) |
| Capital loan notes | 1,865,000 | 2,765,000 | (900,000) |
| Sales tax revenue bonds | 164,695,000 | 66,205,000 | 98,490,000 |
| Premium on sales tax revenue bonds | - | 1,286,711 | (1,286,711) |
| Lease liability | 205,142 | 250,317 | (45,175) |
| Subscription-based liability | 24,709 | - | 24,709 |
| Early retirement | 7,209,964 | 1,205,391 | 6,004,573 |
| Compensated absences | 955,922 | 975,795 | (19,873) |
| Totals | \$ 340,482,805 | \$ 246,587,867 | \$ 93,894,938 |

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:

- The District received allowable growth of two percent, zero percent and two percent for fiscal year 2011, 2012 and 2013, respectively, supplemental state aid (formerly allowable growth) of two percent and a one-time two percent supplemental state aid allocation for fiscal year 2014 and supplemental state aid at four percent, 1.25 percent, 2.25 percent, 1.11 percent, one percent, 2.06, 2.3 percent and 2.4 percent for fiscal years 2015 through 2022, respectively. For the fiscal year 2023 and 2024, the District received supplemental state aid of 2.5 percent. As the District's General Fund budget is comprised of approximately 85 percent salary and benefits, wage and salary adjustments realized through the negotiations process will have a significant impact on future budget spending decisions. In February 2017, significant legislative changes to Chapter 20 of the Code of Iowa as it relates to formal negotiations were enacted and the District continues to monitor and review the flexibility for control of these expenditures.

Iowa City Community School District

Management's Discussion and Analysis (unaudited) For Fiscal Year Ended June 30, 2023

- The Iowa school funding formula is highly dependent upon student enrollment. The District experienced enrollment growth of 2112 students from 2013 to 2020 (in total). The enrollment decline of 288 students in fiscal year ending 2021 impacted the District's budget during the fiscal year ending 2022. The District again experienced enrollment growth in 2022 and 2023, with a total increase of 156 students after the 2021 decline. The significant enrollment increases in prior years required additional staff and materials for educational programs and the demand for additional space to the existing facilities and construction of new facilities. New facilities as well as additions and renovations to existing facilities were included in the District's Facility Master Plan and have also increase expenditures related to utilities, custodial, maintenance and support staff. The District has engaged a demographer to assist with projecting future enrollment trends however preliminary data indicates enrollment of 50-100 students in the next two years followed by several years of zero growth in enrollment. This trend for a flattened enrollment growth pattern will require the district to implement budgetary adjustments in future fiscal periods.
- The District has been awarded approximately \$41.5 million by the federal government as part of the Elementary and Secondary School Emergency Relief Fund (ESSER) legislation to meet the challenges for schools experienced from the COVID-19 pandemic. During the year ended June 30, 2023, the District has received nearly \$19 million for expenditures that supplement and supplant district programs. This program will largely come off the books beginning with fiscal year 2024.
- In September 2017, District voters approved the issuance of \$191,525,000 of General Obligation Bonds to fund identified construction and renovation projects of the Facility Master Plan. The District sold the approved bonds in three installments: \$58,955,000 in November 2017, \$66,645,000 in January 2019 and \$65,925,000 in February 2020. These bonds have funded multiple construction and remodeling projects. The bonds will be repaid from property taxes collected from 2018 to 2038.
- The District sold Capital Loan Notes of \$9,435,000 in December 2014. The proceeds from the sale of these Notes funded various construction projects in the Facility Master Plan and will be repaid from the existing Physical Plant and Equipment Levy (PPEL) through 2025. In addition, the District sold School Infrastructure Sales, Services and Use Tax Revenue Bonds of approximately \$60 million in September 2015, \$10 million in December 2016, \$11.2 million in January 2017, \$21.2 million in August 2017, \$9.1 million in June 2018, \$65.8 million in 2022, and \$71.5 million in 2023. These revenue bond funds have been used for projects at many schools throughout the District, including additions to each of the District's middle schools. The Revenue Bonds will be repaid from sales tax revenues collected through 2038.
- The enrollment increases experienced by the district have included significant additional student needs for students requiring English language learning programs. The District has continued to hire additional staff with the appropriate certifications to serve these students. The District expended approximately \$3 million more during the year ended June 30, 2023 than direct categorical program revenue. The District will continue to request additional modified supplemental spending authority for this Limited English Program deficit from the School Budget Review Committee to support these expenditures in future periods.

Iowa City Community School District

Management's Discussion and Analysis (unaudited) For Fiscal Year Ended June 30, 2023

- The District provides health insurance to its employees utilizing a self-funded insurance plan with specific and aggregate reinsurance coverage as required by the State of Iowa. The District's plan is subject to various insurance coverage and reporting provisions of the Patient Protection and Affordable Care Act (ACA) and the District believes the plan complies with all coverage and reporting requirements of the ACA. The transitional reinsurance fees included in the ACA rules are being paid from the current premium levels of the self-funded plan. The health care industry continues to operate in an extremely uncertain and inflationary cost environment and the District will continue to monitor the potential impact of any required changes on the plan, premium contributions for the district and the impact on its employees.
- The ten year Facility Master Plan, originally approved in December 2013 and subsequently updated in April 2015 and February 2017, includes nearly \$192 million of construction and renovation projects. On September 12, 2017, taxpayers within the District approved a bond referendum authorizing \$191,925,000 of general obligation bonds to fund the projects in the Facility Master Plan. On November 2, 2021, the voters approved the extension of the district's Physical Plant and Equipment Levy voter approved levy from 2026 to 2035. This extension will provide funding opportunities for the district's life cycle programs and facility construction in the facility plans.
- State legislators have approved the extension of SAVE for 20 years to 2050. On November 2, 2021, the voters approved the district's Revenue Purpose Statement that will guide the eligible expenditures from 2029 to 2050. The SAVE program would provide the District with additional borrowing capacity estimated to be as much as \$145 million for facility improvement projects. The District completed its initial borrowing of \$65.8 million in August 2022 and \$71.5 million in June 2023 to begin work on these projects; approximately \$29.8 million of the June 2023 borrowing was used to pay revenue bonds issued in 2015. The Board of Education has the option and could choose to use the annual SAVE revenue stream to pay down general obligation bond debt rather than spending on additional facility related projects.
- The District has started the transition from a seventh and eighth grade junior high school instructional model to a sixth through eighth grade middle school model with implementation in August 2024. Construction for an estimated \$30 million began on additions at all three district junior high school buildings to accommodate the additional students and programs. Development of the instructional teams and appropriate staffing has started, however, the budgetary impact is dependent on the final instructional model and programs.

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 Adam Kurth, Chief Financial Officer and Treasurer, Iowa City Community School District, 1725 North Dodge Street, Iowa City, Iowa 52245.

Iowa City Community School District

Statement of Net Position
June 30, 2023

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|--------------------|
| Assets | | | |
| Current assets: | | | |
| Cash, cash equivalents, and investments | \$ 55,417,769 | \$ 6,498,457 | \$ 61,916,226 |
| Restricted cash | 87,438,769 | - | 87,438,769 |
| Receivables: | | | |
| Property tax: | | | |
| Current year | 517,741 | - | 517,741 |
| Succeeding year | 114,155,995 | - | 114,155,995 |
| Income surtax | 7,976,285 | - | 7,976,285 |
| Other | 642,090 | - | 642,090 |
| Due from other governments | 15,610,450 | 111,823 | 15,722,273 |
| Internal balances | (1,178,877) | 1,178,877 | - |
| Inventories | - | 128,547 | 128,547 |
| Prepaid expenses | 1,872,795 | - | 1,872,795 |
| Total current assets | 282,453,017 | 7,917,704 | 290,370,721 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Nondepreciable: | | | |
| Land | 15,798,273 | - | 15,798,273 |
| Construction-in-progress | 30,731,363 | - | 30,731,363 |
| Depreciable capital assets, net of accumulated depreciation and amortization | 461,293,908 | 618,442 | 461,912,350 |
| Total noncurrent assets | 507,823,544 | 618,442 | 508,441,986 |
| Total assets | 790,276,561 | 8,536,146 | 798,812,707 |
| Deferred Outflows of Resources | | | |
| Pension related amounts | 19,375,847 | 395,424 | 19,771,271 |
| Other post employment benefit related amounts | 813,221 | - | 813,221 |
| Total deferred outflows of resources | 20,189,068 | 395,424 | 20,584,492 |

See notes to basic financial statements.

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 7,561,778 | \$ 18,567 | \$ 7,580,345 |
| Salaries and benefits payable | 19,913,571 | 26,502 | 19,940,073 |
| Claims payable | 1,485,473 | - | 1,485,473 |
| Accrued interest payable | 989,300 | - | 989,300 |
| Unearned revenues | 1,306,772 | 149,316 | 1,456,088 |
| General obligation bonds | 7,445,000 | - | 7,445,000 |
| Capital loan notes | 920,000 | - | 920,000 |
| Revenue bonds | 8,805,000 | - | 8,805,000 |
| Lease liability | 50,933 | - | 50,933 |
| Subscription-based liability | 12,232 | - | 12,232 |
| Early retirement | 7,209,964 | - | 7,209,964 |
| Compensated absences | 955,922 | - | 955,922 |
| Total current liabilities | 56,655,945 | 194,385 | 56,850,330 |
| Noncurrent liabilities: | | | |
| Lease liability | 154,209 | - | 154,209 |
| Subscription-based liability | 12,477 | - | 12,477 |
| Total other postemployment benefit liability | 13,009,704 | - | 13,009,704 |
| Net pension liability | 60,123,766 | 1,227,016 | 61,350,782 |
| General obligation bonds, net of unamortized premium and discounts | 158,082,068 | - | 158,082,068 |
| Capital loan notes | 945,000 | - | 945,000 |
| Revenue bonds | 155,890,000 | - | 155,890,000 |
| Total noncurrent liabilities | 388,217,224 | 1,227,016 | 389,444,240 |
| Total liabilities | 444,873,169 | 1,421,401 | 446,294,570 |
| Deferred Inflows of Resources | | | |
| Property tax | 114,155,995 | - | 114,155,995 |
| Income surtax | 7,976,285 | - | 7,976,285 |
| Pension related amounts | 7,582,030 | 154,735 | 7,736,765 |
| Other post employment benefit related amounts | 1,394,997 | - | 1,394,997 |
| Total deferred inflows of resources | 131,109,307 | 154,735 | 131,264,042 |
| Net Position | | | |
| Net investment in capital assets | 245,153,777 | 618,442 | 245,772,219 |
| Restricted for: | | | |
| Capital projects | 21,662,746 | - | 21,662,746 |
| Federal and state programs | 3,488,724 | - | 3,488,724 |
| Student activities | 31,551 | - | 31,551 |
| Unrestricted | (35,853,645) | 6,736,992 | (29,116,653) |
| Total net position | \$ 234,483,153 | \$ 7,355,434 | \$ 241,838,587 |

Iowa City Community School District

Statement of Activities
Year Ended June 30, 2023

| Functions/Programs | Expenses | Program Revenues | | |
|---|-----------------------|--------------------------------|-------------------------------------|-----------------------------------|
| | | Charges for Services and Sales | Operating Grants, and Contributions | Capital Grants, and Contributions |
| Governmental Activities | | | | |
| Instruction: | | | | |
| Regular instruction | \$ 99,046,632 | \$ 398,995 | \$ 29,672,458 | \$ - |
| Special instruction | 51,237,625 | 2,211,673 | 9,536,723 | - |
| Other instruction | 8,295,828 | - | 1,487,431 | - |
| | <u>158,580,085</u> | <u>2,610,668</u> | <u>40,696,612</u> | <u>-</u> |
| Support services: | | | | |
| Student services | 6,956,885 | - | - | - |
| Instructional services | 13,464,461 | - | - | - |
| Administration services | 23,868,722 | - | - | - |
| Operation and maintenance | 22,349,234 | 263,487 | 7,106 | 24,344 |
| Transportation services | 6,039,602 | 40,395 | 242,025 | - |
| Other support services, AEA flowthrough | 7,118,887 | - | 7,118,887 | - |
| | <u>79,797,791</u> | <u>303,882</u> | <u>7,368,018</u> | <u>24,344</u> |
| Noninstructional programs | <u>712,318</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other: | | | | |
| Long-term debt interest | 8,493,148 | - | - | - |
| Depreciation (unallocated), excluding direct depreciation | 48,806 | - | - | - |
| | <u>8,541,954</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total governmental activities | 247,632,148 | 2,914,550 | 48,064,630 | 24,344 |
| Business-type activities , nutritional services | 7,809,181 | 3,903,848 | 5,646,825 | - |
| Total primary government | \$ 255,441,329 | \$ 6,818,398 | \$ 53,711,455 | \$ 24,344 |
| General revenues: | | | | |
| Property taxes levied for: | | | | |
| General purposes | | | | |
| Debt service | | | | |
| Capital outlay | | | | |
| Local option sales tax | | | | |
| Unrestricted state grants | | | | |
| Unrestricted investment earnings | | | | |
| Other | | | | |
| Total general revenues | | | | |
| Changes in net position | | | | |
| Net position, beginning of year | | | | |
| Net position, end of year | | | | |

See notes to basic financial statements.

| Net (Expense) Revenue and Changes in Net Position | | |
|---|-----------------------------|-----------------------|
| Governmental Activities | Business-Type Activities | Total |
| \$ (68,975,179) | \$ - | \$ (68,975,179) |
| (39,489,229) | - | (39,489,229) |
| (6,808,397) | - | (6,808,397) |
| <u>(115,272,805)</u> | <u>-</u> | <u>(115,272,805)</u> |
| (6,956,885) | - | (6,956,885) |
| (13,464,461) | - | (13,464,461) |
| (23,868,722) | - | (23,868,722) |
| (22,054,297) | - | (22,054,297) |
| (5,757,182) | - | (5,757,182) |
| - | - | - |
| <u>(72,101,547)</u> | <u>-</u> | <u>(72,101,547)</u> |
| (712,318) | - | (712,318) |
| (8,493,148) | - | (8,493,148) |
| (48,806) | - | (48,806) |
| <u>(8,541,954)</u> | <u>-</u> | <u>(8,541,954)</u> |
| (196,628,624) | - | (196,628,624) |
| - | 1,741,492 | 1,741,492 |
| <u>(196,628,624)</u> | <u>1,741,492</u> | <u>(194,887,132)</u> |
| 89,328,434 | - | 89,328,434 |
| 13,028,464 | - | 13,028,464 |
| 12,633,569 | - | 12,633,569 |
| 17,286,867 | - | 17,286,867 |
| 78,202,001 | - | 78,202,001 |
| 3,364,138 | 111,564 | 3,475,702 |
| 2,007,674 | - | 2,007,674 |
| <u>215,851,147</u> | <u>111,564</u> | <u>215,962,711</u> |
| 19,222,523 | 1,853,056 | 21,075,579 |
| <u>215,260,630</u> | <u>5,502,378</u> | <u>220,763,008</u> |
| <u>\$ 234,483,153</u> | <u>\$ 7,355,434</u> | <u>\$ 241,838,587</u> |

Iowa City Community School District

Balance Sheet—Governmental Funds
June 30, 2023

| | General | Physical Plant and Equipment Levy |
|---|-----------------------|---|
| Assets | | |
| Cash, cash equivalents, and investments | \$ 19,012,680 | \$ 11,936,752 |
| Restricted cash | - | - |
| Receivables: | | |
| Property tax: | | |
| Current year | 366,102 | 62,119 |
| Succeeding year | 75,474,753 | 12,500,586 |
| Income surtax | 7,976,285 | - |
| Other | 641,083 | - |
| Due from other governments | 14,223,011 | - |
| Due from other funds | 156,679 | - |
| Prepaid items | 1,702,154 | 55,253 |
| | <u>1,702,154</u> | <u>55,253</u> |
| Total assets | <u>\$ 119,552,747</u> | <u>\$ 24,554,710</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | |
| Liabilities: | | |
| Accounts payable | \$ 1,431,069 | \$ 432,687 |
| Salaries and benefits payable | 19,887,707 | - |
| Due to other funds | 1,000,000 | 343,139 |
| Unearned revenue | 1,306,772 | - |
| Total liabilities | <u>23,625,548</u> | <u>775,826</u> |
| Deferred inflows of resources: | | |
| Unavailable revenue—property tax | 75,474,753 | 12,500,586 |
| Unavailable revenue—income surtax | 7,976,285 | - |
| Unavailable revenue—federal sources | 2,324,940 | - |
| Total deferred inflows of resources | <u>85,775,978</u> | <u>12,500,586</u> |
| Fund balance: | | |
| Nonspendable | 1,702,154 | 55,253 |
| Restricted | 3,488,724 | 11,223,045 |
| Unassigned | 4,960,343 | - |
| Total fund balances | <u>10,151,221</u> | <u>11,278,298</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 119,552,747</u> | <u>\$ 24,554,710</u> |

See notes to basic financial statements.

| Capital Projects | Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------|----------------------|-----------------------------------|--------------------------------|
| \$ - | \$ 864,511 | \$ 3,827,639 | \$ 35,641,582 |
| 87,438,769 | - | - | 87,438,769 |
| - | 64,060 | 25,460 | 517,741 |
| - | 12,832,637 | 13,348,019 | 114,155,995 |
| - | - | - | 7,976,285 |
| - | - | 1,007 | 642,090 |
| 1,387,439 | - | - | 15,610,450 |
| 302,077 | - | 159,383 | 618,139 |
| 115,388 | - | - | 1,872,795 |
| <u>\$ 89,243,673</u> | <u>\$ 13,761,208</u> | <u>\$ 17,361,508</u> | <u>\$ 264,473,846</u> |
| \$ 5,417,498 | \$ - | \$ 280,524 | \$ 7,561,778 |
| 25,864 | - | - | 19,913,571 |
| 78,982 | - | 87,958 | 1,510,079 |
| - | - | - | 1,306,772 |
| <u>5,522,344</u> | <u>-</u> | <u>368,482</u> | <u>30,292,200</u> |
| - | 12,832,637 | 13,348,019 | 114,155,995 |
| - | - | - | 7,976,285 |
| - | - | - | 2,324,940 |
| <u>-</u> | <u>12,832,637</u> | <u>13,348,019</u> | <u>124,457,220</u> |
| 115,388 | - | - | 1,872,795 |
| 83,605,941 | 928,571 | 3,645,007 | 102,891,288 |
| - | - | - | 4,960,343 |
| <u>83,721,329</u> | <u>928,571</u> | <u>3,645,007</u> | <u>109,724,426</u> |
| <u>\$ 89,243,673</u> | <u>\$ 13,761,208</u> | <u>\$ 17,361,508</u> | <u>\$ 264,473,846</u> |

Iowa City Community School District

**Reconciliation of Total Governmental Fund Balances to Net Position
of Governmental Activities
June 30, 2023**

| | | |
|---|--------------------|------------------------------|
| Total governmental fund balances | | \$ 109,724,426 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. | | 507,823,544 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are report as a deferred inflow of resources in the funds | | 2,324,940 |
| Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position: | | |
| Current assets | \$ 20,776,187 | |
| Current liabilities | <u>(1,489,095)</u> | 19,287,092 |
| Internal service funds allocated to business-type activities | | (1,283,315) |
| Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. | | (989,300) |
| 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, pension | 19,375,847 | |
| Deferred outflows, other post employment benefit | 813,221 | |
| Deferred inflows, pension | (7,582,030) | |
| Deferred inflows, other post employment benefit | <u>(1,394,997)</u> | 11,212,041 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds: | | |
| Lease liability | (205,142) | |
| Subscription-based liability | (24,709) | |
| General obligation bonds, current | (7,445,000) | |
| General obligation bonds, noncurrent | (149,370,000) | |
| Capital loan notes, current | (920,000) | |
| Capital loan notes, noncurrent | (945,000) | |
| Sales tax revenue bonds, current | (8,805,000) | |
| Sales tax revenue bonds, noncurrent | (155,890,000) | |
| Early retirement, current | (7,209,964) | |
| Net pension liability | (60,123,766) | |
| Total other postemployment benefits liability | (13,009,704) | |
| Compensated absences, current | (955,922) | |
| Unamortized premium | <u>(8,712,068)</u> | (413,616,275) |
| Net position of governmental activities | | <u><u>\$ 234,483,153</u></u> |

See notes to basic financial statements.

Iowa City Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2023

| | General | Physical Plant and Equipment Levy |
|--|----------------------|---|
| Revenues: | | |
| Local sources: | | |
| Local tax | \$ 84,103,217 | \$ 12,633,569 |
| Tuition | 2,211,673 | - |
| Interest | 555,212 | 518,011 |
| Other | 1,858,150 | 27,747 |
| State sources | 95,433,069 | - |
| Federal sources | 25,326,712 | - |
| Total revenues | 209,488,033 | 13,179,327 |
| Expenditures: | | |
| Current: | | |
| Instruction: | | |
| Regular instruction | 84,193,213 | - |
| Special instruction | 50,017,983 | - |
| Other instruction | 2,700,178 | - |
| | 136,911,374 | - |
| Support services: | | |
| Student services | 7,129,885 | - |
| Instructional services | 13,500,067 | - |
| Administration services | 20,759,383 | - |
| Operation and maintenance | 18,571,559 | 397,442 |
| Transportation services | 3,856,139 | 1,079,774 |
| Other support services, AEA flowthrough | 7,118,887 | - |
| | 70,935,920 | 1,477,216 |
| Noninstructional programs | 29,003 | - |
| Capital outlay | - | 9,475,679 |
| Debt service: | | |
| Principal | - | - |
| Interest and fiscal charges | - | - |
| Issuance costs | - | - |
| | - | - |
| Total expenditures | 207,876,297 | 10,952,895 |
| Excess (deficiency) of revenues over expenditures | 1,611,736 | 2,226,432 |
| Other financing sources (uses): | | |
| Transfers in | - | 623,569 |
| Transfers out | (1,523,569) | (958,262) |
| Proceeds from issuance of long-term debt | - | - |
| Proceeds from issuance of refunding bond | - | - |
| Subscription-based financing | - | - |
| Total other financing sources (uses) | (1,523,569) | (334,693) |
| Net change in fund balances | 88,167 | 1,891,739 |
| Fund balances, beginning of year | 10,063,054 | 9,386,559 |
| Fund balances, end of year | \$ 10,151,221 | \$ 11,278,298 |

See notes to basic financial statements.

| Capital Projects | Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------|---------------------|-----------------------------------|--------------------------------|
| \$ - | \$ 13,028,463 | \$ 5,225,217 | \$ 114,990,466 |
| - | - | - | 2,211,673 |
| 1,441,540 | 155,288 | 33,581 | 2,703,632 |
| 32,439 | - | 3,998,471 | 5,916,807 |
| 19,687,857 | - | - | 115,120,926 |
| - | - | - | 25,326,712 |
| <u>21,161,836</u> | <u>13,183,751</u> | <u>9,257,269</u> | <u>266,270,216</u> |
| - | - | 1,263,255 | 85,456,468 |
| - | - | - | 50,017,983 |
| - | - | 3,783,962 | 6,484,140 |
| - | - | <u>5,047,217</u> | <u>141,958,591</u> |
| - | - | - | 7,129,885 |
| - | - | - | 13,500,067 |
| 155,847 | 13,200 | 1,125,822 | 22,054,252 |
| - | - | 2,952,066 | 21,921,067 |
| - | - | 1,095,838 | 6,031,751 |
| - | - | - | 7,118,887 |
| <u>155,847</u> | <u>13,200</u> | <u>5,173,726</u> | <u>77,755,909</u> |
| 666,668 | - | - | 695,671 |
| <u>34,225,239</u> | <u>-</u> | <u>4,528,537</u> | <u>48,229,455</u> |
| 57,168 | 46,900,000 | - | 46,957,168 |
| 8,936 | 10,033,479 | - | 10,042,415 |
| 597,122 | - | - | 597,122 |
| <u>663,226</u> | <u>56,933,479</u> | <u>-</u> | <u>57,596,705</u> |
| <u>35,710,980</u> | <u>56,946,679</u> | <u>14,749,480</u> | <u>326,236,331</u> |
| <u>(14,549,144)</u> | <u>(43,762,928)</u> | <u>(5,492,211)</u> | <u>(59,966,115)</u> |
| - | 43,719,392 | 900,000 | 45,242,961 |
| (42,761,130) | - | - | (45,242,961) |
| 107,470,000 | - | - | 107,470,000 |
| 29,815,000 | - | - | 29,815,000 |
| 36,702 | - | - | 36,702 |
| <u>94,560,572</u> | <u>43,719,392</u> | <u>900,000</u> | <u>137,321,702</u> |
| 80,011,428 | (43,536) | (4,592,211) | 77,355,587 |
| 3,709,901 | 972,107 | 8,237,218 | 32,368,839 |
| <u>\$ 83,721,329</u> | <u>\$ 928,571</u> | <u>\$ 3,645,007</u> | <u>\$ 109,724,426</u> |

Iowa City Community School District

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023**

| | | |
|--|-----------|---------------------------------|
| Net change in fund balances, total governmental funds | \$ | 77,355,587 |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | | |
| <p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as depreciation expense in the statement of activities. This is the amount by which capital outlay exceeds depreciation expense in the period:</p> | | |
| Capital outlay | \$ | 41,014,460 |
| Depreciation expense | | (14,896,031) |
| Loss on disposal of capital assets | | (37,525) |
| | | <u>26,080,904</u> |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, change in unavailable revenues. | | (76,051) |
| <p>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. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p> | | |
| Subscription-based financing | | (36,702) |
| Repayment of lease financing | | 45,175 |
| Repayment of subscription-based financing | | 11,993 |
| Issuance of long term debt | | (137,285,000) |
| Repayment of long-term debt | | 46,900,000 |
| | | <u>(90,364,534)</u> |
| Amortization of bond premium | | 2,454,296 |
| Interest on long-term debt in the statement of activities differs from the amount reported in governmental funds because interest is recorded as an expenditure in the funds when due. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. | | (307,907) |
| <p>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:</p> | | |
| Other postemployment benefits expense | | (908,180) |
| Pension expense | | 11,753,978 |
| Change in early retirement | | (6,004,573) |
| Change in compensated absences | | 19,873 |
| | | <u>4,861,098</u> |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position in the internal service fund is reported with governmental activities in the statement of activities. | | (746,532) |
| Change in internal service fund allocation to business-type activities. | | <u>(34,338)</u> |
| Change in net position of governmental activities | \$ | <u><u>19,222,523</u></u> |

See notes to basic financial statements.

Iowa City Community School District

Statement of Net Position
Proprietary Funds
June 30, 2023

| | Nonmajor Enterprise Fund - School Nutrition | Internal Service Fund |
|--|---|--------------------------|
| Assets | | |
| Current assets: | | |
| Cash, cash equivalents, and investments | \$ 6,498,457 | \$ 19,776,187 |
| Due from other governments | 111,823 | - |
| Due from other funds | - | 1,000,000 |
| Inventories | 128,547 | - |
| Total current assets | <u>6,738,827</u> | <u>20,776,187</u> |
| Noncurrent assets, capital assets, net of accumulated depreciation | 618,442 | - |
| Total assets | <u>7,357,269</u> | <u>20,776,187</u> |
| Deferred outflows of resources , pension related amounts | <u>395,424</u> | <u>-</u> |
| Total assets and deferred outflows of resources | <u>\$ 7,752,693</u> | <u>\$ 20,776,187</u> |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | \$ 18,567 | \$ - |
| Salaries and benefits payable | 26,502 | - |
| Due to other funds | 104,438 | 3,622 |
| Claims payable | - | 1,485,473 |
| Unearned revenue | 149,316 | - |
| Total current liabilities | <u>298,823</u> | <u>1,489,095</u> |
| Noncurrent liabilities, net pension liability | 1,227,016 | - |
| Total liabilities | <u>1,525,839</u> | <u>1,489,095</u> |
| Deferred inflows of resources , pension related amounts | <u>154,735</u> | <u>-</u> |
| Net position | | |
| Investment in capital assets | 618,442 | - |
| Unrestricted | 5,453,677 | 19,287,092 |
| Total net position | <u>6,072,119</u> | <u>19,287,092</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 7,752,693</u> | <u>\$ 20,776,187</u> |
| Total enterprise funds net position | 6,072,119 | |
| Amounts reported for business-type activities in the statement of net position are different because: | | |
| Internal service funds are used by management to charge the costs of certain services to individual funds. Certain assets and liabilities of the internal service funds are included in business-type activities in the statement of net position. | <u>1,283,315</u> | |
| Net position of business-type activities | <u>\$ 7,355,434</u> | |

See notes to basic financial statements.

Iowa City Community School District

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 Year Ended June 30, 2023

| | Nonmajor Enterprise Fund - School Nutrition | Internal Service Fund |
|--|---|--------------------------|
| Operating revenue: | | |
| Charges for services: | | |
| Food sales | \$ 3,903,848 | \$ - |
| Internal service charges | - | 15,962,578 |
| Employee premiums | - | 3,463,002 |
| Total operating revenue | 3,903,848 | 19,425,580 |
| Operating expenses: | | |
| Food consumed | 3,761,568 | - |
| Salaries and benefits | 3,024,042 | - |
| Supplies, services and repairs | 491,558 | - |
| Depreciation | 74,939 | - |
| Food and meal delivery: | | |
| Salaries and benefits | 467,032 | - |
| Truck expenses | 10,319 | - |
| Depreciation | 14,061 | - |
| Claims, losses and administrative fees | - | 20,574,896 |
| Other | - | 257,722 |
| Total operating expenses | 7,843,519 | 20,832,618 |
| Operating (loss) | (3,939,671) | (1,407,038) |
| Nonoperating revenues: | | |
| Federal appropriations | 4,879,279 | - |
| State appropriations | 52,539 | - |
| Federal food commodities | 715,007 | - |
| Interest income | 111,564 | 660,506 |
| Total nonoperating revenues | 5,758,389 | 660,506 |
| Changes in net position | 1,818,718 | (746,532) |
| Net position, beginning of year | 4,253,401 | 20,033,624 |
| Net position, end of year | \$ 6,072,119 | \$ 19,287,092 |

See notes to basic financial statements.

Iowa City Community School District

**Reconciliation of Changes in Net Position of Enterprise Fund to the
Statement of Activities
Year Ended June 30, 2023**

| | |
|--|----------------------------|
| Net changes in net position in the enterprise fund | \$ 1,818,718 |
| Amounts reported for proprietary activities in the statement of activities are different because: | |
| Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with business-type activities. | <u>34,338</u> |
| Change in net position of business-type activities | <u><u>\$ 1,853,056</u></u> |

See notes to basic financial statements.

Iowa City Community School District

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2023

| | Nonmajor Enterprise Fund - School Nutrition | Internal Service Fund |
|---|---|--------------------------|
| Cash flows from operating activities: | | |
| Cash received from sales of breakfasts and lunches | \$ 3,853,812 | \$ - |
| Cash received from charges for service | - | 14,962,578 |
| Cash received from employees for benefits | - | 3,463,002 |
| Cash payments to suppliers for goods and services | (3,516,334) | (257,722) |
| Cash payments to employees for services | (2,726,186) | - |
| Cash payments for employee benefits | (1,043,900) | - |
| Cash payments for claims, losses and administrative fees | - | (20,607,267) |
| Net cash (used in) operating activities | (3,432,608) | (2,439,409) |
| Cash flows from noncapital financing activities: | | |
| Operating grants received | 4,893,559 | - |
| Proceeds from interfund accounts | 17,565 | 3,622 |
| Net cash provided by noncapital financing activities | 4,911,124 | 3,622 |
| Cash flows from capital and related financing activities, acquisition of capital assets | | |
| | (246,289) | - |
| Cash flows from investing activities, interest on cash and cash equivalents | | |
| | 111,564 | 660,506 |
| Net increase (decrease) in cash and cash equivalents | 1,343,791 | (1,775,281) |
| Cash and cash equivalents: | | |
| Beginning | 5,154,666 | 21,551,468 |
| Ending | <u>\$ 6,498,457</u> | <u>\$ 19,776,187</u> |
| Operating (loss) | <u>\$ (3,939,671)</u> | <u>\$ (1,407,038)</u> |
| Adjustments to reconcile operating (loss) to net cash (used in) operating activities: | | |
| Depreciation | 89,000 | - |
| Federal food commodities consumed | 715,007 | - |
| Change in assets, deferred outflows, liabilities and deferred inflows: | | |
| Change in due from other funds | - | (1,000,000) |
| Change in purchased inventory | 24,014 | - |
| Change in accounts payable | 8,090 | (2,523) |
| Change in salaries and benefits payable | 1,964 | - |
| Change in unearned revenue | (50,036) | - |
| Change in net pension liability | 1,185,929 | - |
| Change in deferred outflows of resources | (52,432) | - |
| Change in deferred inflows of resources | (1,414,473) | - |
| Change in claims payable | - | (29,848) |
| Total adjustments | 507,063 | (1,032,371) |
| Net cash provided by (used in) operating activities | \$ (3,432,608) | \$ (2,439,409) |
| Noncash item, noncapital financing activities, food commodities donated to the District from the U.S. Department of Agriculture | | |
| | <u>\$ 715,007</u> | <u>\$ -</u> |

See notes to basic financial statements.

Iowa City Community School District

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

| | <u>Private Purpose Trust Fund Winbigler Estate Trust Fund</u> |
|---|---|
| <hr/> | |
| Assets | |
| Cash and cash equivalents | <u>\$ 71,576</u> |
| Net Position | |
| Restricted for students in need of financial assistance | <u>\$ 71,576</u> |

See notes to basic financial statements.

Iowa City Community School District

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2023

| | Private Purpose Trust Fund <u>Winbigler Estate Trust Fund</u> |
|---------------------------------|---|
| Net position, beginning of year | <u>\$ 71,576</u> |
| Net position, end of year | <u><u>\$ 71,576</u></u> |

See notes to basic financial statements.

Iowa City Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies

Nature of operations: The Iowa City Community School District (the District) is a political subdivision of the state of Iowa and operates public schools for children in grades pre-school through twelve. The geographic area served includes the cities of Iowa City, Coralville, University Heights, Hills and North Liberty and the surrounding predominately agricultural territory in central Johnson County. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

Reporting entity: For financial reporting purposes, the Iowa City Community School District has included all funds, organizations, agencies, boards, commissions and authorities for which the District is financially accountable. 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 (GASB) 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 the organization, or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. In addition, the GASB issued Statement No. 39, which sets forth additional criteria to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the District. These criteria include 1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the District, its component units or its constituents, 2) the District being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the Organization and 3) the economic resources received or held by an individual organization that the District is entitled to, or has the ability to otherwise access, are significant to the District. Based on these criteria, the District is considered a primary government and there are no other organizations or agencies whose financial statements should be combined and presented with these basic financial statements.

The District participates in several jointly governed organizations for which the District is not financially accountable or that the nature and significance of the relationships with the District are such that exclusion does not cause the District's financial statements to be misleading or incomplete. Among those organizations are the Johnson County Conference Board, Iowa City Conference Board, Johnson County Compensation Board and the Iowa City Assessors Examining Board.

Significant accounting policies:

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. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of net position presents the District's nonfiduciary assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position.

Iowa City Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not 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 funds are reported as separate columns in the fund financial statements. Nonmajor governmental funds and nonmajor enterprise funds are aggregated and presented in a single column.

Fund accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, deferred inflows/outflows of resources, fund balance/net position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, liabilities and deferred inflows/outflows of resources is reported as fund balance. The following are the District's major governmental funds:

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. The general operating expenses of the District, including instructional, support and other costs, are paid from the fund.

Physical Plant and Equipment Levy Fund: a capital projects fund, accounts for the property taxes levied and collected by the District to be used for the purchase and improvement of grounds; purchase, construction and remodeling of buildings; and major equipment purchases. This fund is considered major for public interest purposes.

Capital Projects Fund: a capital projects fund, is used to account for all resources restricted for the acquisition and construction of major capital facilities as authorized by the voters in the District. Revenues of the Fund primarily consist of state-wide sales taxes.

Debt Service Fund: accounts for property taxes levied and collected for the payment of general long-term debt principal, interest and related costs.

The other governmental funds of the District are considered nonmajor and are as follows:

General Obligation Bonds Fund: a capital projects fund, used to account for all resources restricted for the acquisition and construction of major capital facilities as authorized by voters in the District. Revenue of the fund consists of sale of general obligation bonds.

Iowa City Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Special Revenue Funds: Accounts for the revenue sources that are legally restricted to expenditures for specific purposes.

Management Fund: Accounts for property taxes levied and collected which are restricted for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

Student Activity Fund: Accounts for money held by the District which is restricted on behalf of the students who have raised these funds and are responsible for their disposition for co-curricular or extracurricular activities of the District.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing operations and activities which are similar to those often found in the private sector. They are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

Enterprise Funds: Enterprise funds are used to account for those operations for which a fee is charged to external users for goods and/or services. The following enterprise fund of the District is considered nonmajor.

School Nutrition Fund: Accounts for the food service operations of the District.

Internal Service Fund: The Internal Service Fund is used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The District's Internal Service Fund is used to account for the premium and claim payments for the self-insured health insurance and dental plan for District employees and retirees.

The District also reports the following fiduciary fund type:

Private Purpose Trust Fund: This fund is utilized to account for assets held by the District in a fiduciary capacity according to the terms of the donor's request of granting scholarships at City High School.

The government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the "economic resources measurement focus" and 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 and income surtax is recognized as revenue in the year for which it is levied and budgeted for. 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 District considers revenues to be available if they are collected within 60 days after year-end.

Iowa City Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Property tax when levied and budgeted for, other taxes and intergovernmental revenues when eligibility requirements have been met (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all subject to accrual and considered to be measurable and are recognized as revenue, if available. All other revenue items are recognized 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, early retirement payments, other postemployment benefits, pension contributions, leases, subscription-based liabilities 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 leases or subscriptions 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 resources. When program expenses are incurred and there are both restricted and unrestricted net position available to finance the program it is the District's policy to first apply cost-reimbursement grant resources to such programs then the general revenues.

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 proprietary funds are charges for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, depreciation on capital assets and claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash, cash equivalents and investments: The cash balances of most District funds are nonpooled and separately invested. Investments in the Iowa Schools Joint Investment Trust and nonnegotiable certificates of deposit are stated at amortized 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 date of purchase have a maturity date of no more than three months.

Property tax and income surtax receivable: Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Education.

Current year property tax receivable represents unpaid taxes related to April 2022 levy certification. Property taxes become due and collectible in September and March of the following fiscal year with a 1.5% per month penalty for delinquent payments. This tax levy is based on January 1, 2021 assessed property valuations and is revenue for the fiscal year ended June 30, 2023.

The succeeding year property tax receivable represents taxes certified by the Board of Education in April 2023. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. The tax asking represents a lien which is effective on the first day of that calendar year. Although the succeeding year property tax receivable has been recorded, the related revenue is a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year ended June 30, 2024, the year for which it is levied and budgeted for.

Iowa City Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

The income surtax receivable represents the fiscal year 2023 levy which will be collected by the District in fiscal year 2024. Although the income surtax receivable has been recorded as of June 30, 2023, the related revenue is a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year ended June 30, 2024, the year for which it is levied and budgeted for in accordance with State Statutes.

Due from other governments: Due from other governments represent amounts due from the federal government, state of Iowa, other school districts, and other various grants, reimbursements and shared revenues.

| | General | Capital Projects | Nonmajor Enterprise |
|-----------------------------|----------------------|---------------------|------------------------|
| Due from other governments: | | | |
| Federal | \$ 13,844,941 | \$ - | \$ - |
| State | 378,070 | - | 111,823 |
| Local option sales tax | - | 1,387,439 | - |
| | <u>\$ 14,223,011</u> | <u>\$ 1,387,439</u> | <u>\$ 111,823</u> |

Prepaid items: Prepaid items consist primarily of insurance costs paid for the succeeding year and are recorded as prepaid expenses in both government-wide and fund financial statements on the consumption method.

Inventories: Inventories of the enterprise fund consist of food. The inventories are valued on a first-in, first-out basis, with purchased inventory valued at the lower of cost or market and government-contributed commodities valued at the acquisition value as of the date received. Unused commodities at balance sheet date are reported as inventory.

Capital assets: Capital assets, which include land, construction-in-progress, buildings, improvements, furniture, equipment and vehicles, are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position and the proprietary fund statement of net position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition 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 one year.

| Description: | Threshold |
|---|-----------|
| Buildings and improvements other than buildings | \$ 2,500 |
| Right-to-use assets | 2,500 |
| Furniture and equipment: | |
| School Nutrition Fund equipment | 500 |
| Other furniture and equipment | 2,500 |
| Vehicles | 2,500 |

Iowa City Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

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

| | <u>Estimated Lives</u> |
|-----------------------------------|------------------------|
| Description: | |
| Buildings | 50 years |
| Improvements other than buildings | 20 years |
| Right-to-use assets | 5 years |
| Furniture and equipment: | |
| School Nutrition Fund equipment | 12 years |
| Other furniture and equipment | 5 years |
| Vehicles: | |
| School Nutrition Fund vehicles | 5 years |
| Other vehicles | 7 years |

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

Right-to-use asset: The District is the lessee for a noncancellable lease of equipment. The District also has certain subscriptions to IT programs. As a result of these transactions, the District has recognized intangible right-to-use assets in the government-wide financial statements.

The right-to-use asset is measured at the start of the lease or subscription as the initial amount of the lease or subscription liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to right-to-use assets include how the District determines the discount rate it uses to discount the expected payments to present value, agreement term and payments. The District uses the interest rate charged by the lessor or vendor as the discount rate. When the interest rate is not provided, the District uses its estimated incremental borrowing rate as the discount rate. The term includes the noncancellable period of the agreement. Payments included in the measurement of the liability are composed of fixed payments and a purchase option price that the District is reasonable certain to exercise.

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

Right-to-use assets are reported with depreciable/amortizable capital assets on the statement of net position.

Deferred outflows of resources: Deferred outflows of resources on the statement of net position represent a consumption of net assets that applies to future periods 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 OPEB expense, pension expense and pension contributions from the District after the measurement date but before the end of the District's reporting period.

Iowa City Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Salaries and benefits payable: Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities. Incurred but unpaid payroll expense for all employees as of June 30, 2023, has also been accrued as a liability as of June 30, 2023.

Unearned revenue: Unearned revenue consists of grant awards received but unearned by the fulfillment of an eligibility provision and cash received in the School Nutrition Fund for meals to be provided during fiscal year 2024.

Deferred inflows of resources: Deferred inflows of resources represent an acquisition of net assets that applies to future periods 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. The governmental funds report unavailable revenues from three sources: property taxes, income surtaxes and intergovernmental revenue. The amounts related to intergovernmental revenue are deferred and recognized as an inflow of resources in the period that the amounts become available. In both the District's government-wide and governmental fund financial statements, property tax revenue and income surtaxes for the succeeding year are reported as a deferred inflow of resources and will become an inflow in the year they are levied and budgeted for. The District's statement of net position also includes unrecognized pension and OPEB related amounts as a deferred inflow.

Compensated absences: District employees with a contract of 200 days or more 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. A liability for these amounts is reported in governmental funds only for employees that have resigned or retired which is considered due. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2023. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Self-insurance: The District is self-insured for health and dental benefits. The District's premiums and claims are accounted for in the Internal Service Fund. Premiums are charged by the Internal Service Fund to operating funds based upon number of employees and selected coverage in each fund.

Lease and subscription-based liabilities: The District is the lessee for a noncancellable lease of equipment. The District also has certain subscriptions to IT programs. Accordingly, the District has recognized lease and subscription-based liabilities in the government-wide financial statements.

At the commencement of the lease or subscription agreement, the District initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of payments made.

Iowa City Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Long-term liabilities: In the governmental fund financial statements, principal and interest on long-term debt, early retirement payments, other postemployment benefits and compensated absences are recognized as liabilities only when payment has matured or becomes due. The face amount of debt issued is reported as other financing sources. Premiums/discounts received on debt issuances are reported as other financing sources/uses. Principal payments and bond issuance costs are reported as debt service expenditures. 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. Bond premiums and deferred amounts on refunding are amortized over the life of the debt using a method which approximates the effective interest method. Bond issuance costs are recognized as an expense in the period they are incurred.

Pensions: The net pension liability, deferred inflows and outflows of resources related to pensions, 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.

Total OPEB liability: For purposes of measuring the total other postemployment benefit (OPEB) liability, deferred inflows of resources related to OPEB and OPEB expense, information has been based on an actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total of OPEB liability will be paid primarily by the General Fund.

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

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

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

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

Assigned: Amounts constrained by the District's intent to use them for a specific purpose. It is the District's policy that the authority to assign fund balance has been delegated by the District's Board of Education to the Chief Financial Officer through the budget process.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

Iowa City Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

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

Net position: Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets and also excludes unspent debt proceeds. Unspent debt proceeds for general obligation bonds are \$75,614,535 for governmental activities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted by enabling legislation consists of \$21,662,746 for capital projects funded by the secure an advanced vision for education (SAVE) tax and the physical plant and equipment levy, \$3,488,724 for categorical funding and \$31,551 for student activities.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Interfund activity: Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

Budgets and budgetary control: As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules—Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of functional areas as required by state statute for its legally adopted budget.

Note 2. Cash and Investments

Interest rate risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy requires operating funds to be invested in investments that mature within 397 days or less. When investing other than operating funds, the investments must mature according to the needs of the funds. Operating funds of the District are funds which are reasonably expected to be used during a current budget year or within 15 months of receipt.

Iowa City Community School District

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

Credit risk: The Board authorizes the District to invest funds in excess of current needs in interest-bearing savings, money market and checking accounts at the District's authorized depositories; the Iowa Schools Joint Investment Trust Program; obligations of the United States governments, its agencies and instrumentalities; and certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions. The Iowa Schools Joint Investment Trust is rated AAAM with Standard & Poor's Global Ratings. The District's policy does not further limit the District's investments in relation to credit risk.

The Iowa Schools Joint Investment Trust is valued at an amortized cost based on the criteria set forth in GASB No. 79. The Iowa Schools Joint Investment Trust has no restrictions on withdrawals from its accounts. Funds may be transferred out on a daily basis without cost or limitation.

Concentration of credit risk: The District's general investment policy is to apply the prudent-person rule. In making investments, the District shall exercise the care, skill, prudence and diligence under the circumstances that a prudent person acting in a like capacity and familiar with such matters would use to meet the goals of the investment program.

The investment in Iowa Schools Joint Investment Trust is not subject to concentration of credit risk.

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

It is the District's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. Chapter 12c of the Code of Iowa requires all District funds be deposited into an approved depository and be either insured or collateralized.

As of June 30, 2023, none of the District's deposit bank balance or investments were exposed to custodial credit risk. The District's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds. In addition, the District's investments were not insured but were held by the District or its Agent in the District's name.

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

| | |
|---|-----------------------|
| Depository accounts | \$ 39,892,758 |
| Certificate of deposits with maturities greater than three months | 74,604,901 |
| Iowa Schools Joint Investment Trust | 34,928,912 |
| Total cash, cash equivalents and investments | <u>\$ 149,426,571</u> |
| Government-wide statement of net position—unrestricted | \$ 61,916,226 |
| Government-wide statement of net position—restricted | 87,438,769 |
| Statement of fiduciary net position | 71,576 |
| Total cash, cash equivalents and investments | <u>\$ 149,426,571</u> |

Iowa City Community School District

Notes to Basic Financial Statements

Note 3. Interfund Receivables and Payables

Individual interfund receivable and payable balances as of June 30, 2023, are as follows:

| Receivable Fund | Payable Fund | Amount |
|--------------------------------------|---|---------------------|
| Major Fund, General Fund | Nonmajor Fund, Student Activity Fund | \$ 87,113 |
| Major Fund, General Fund | Nonmajor Enterprise Fund, School Nutrition Fund | 65,944 |
| Major Fund, General Fund | Nonmajor Fund, Internal Service Fund | 3,622 |
| Major Fund, Capital Project Fund | Major Fund, Physical Plant and Equipment Levy | 302,077 |
| Nonmajor Fund, Management Fund | Major Fund, Capital Project Fund | 1,000 |
| Nonmajor Fund, Student Activity Fund | Major Fund, Physical Plant and Equipment Levy | 41,062 |
| Nonmajor Fund, Student Activity Fund | Major Fund, Capital Project Fund | 77,982 |
| Nonmajor Fund, Student Activity Fund | Nonmajor Fund, Management Fund | 845 |
| Nonmajor Fund, Student Activity Fund | Nonmajor Enterprise Fund, School Nutrition Fund | 38,494 |
| Nonmajor Fund, Internal Service Fund | Major Fund, General Fund | 1,000,000 |
| | | <u>\$ 1,618,139</u> |

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Note 4. Interfund Transfers

Detail of interfund transfers for the year ended June 30, 2023, is as follows:

| Transfer To | Transfer From | Amount |
|---|---|----------------------|
| Nonmajor Special Revenue Fund, Student Activity | Major Fund, General Fund | \$ 900,000 |
| Major Fund, Physical Plant and Equipment Levy | Major Fund, General Fund | 623,569 |
| Major Fund, Debt Service | Major Fund, Physical Plant and Equipment Levy | 958,262 |
| Major Fund, Debt Service | Major Fund, Capital Projects Fund | 42,761,130 |
| | | <u>\$ 45,242,961</u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization and (3) to transfer for debt service fund for principal payments on outstanding debt that was issued for school infrastructure purposes.

Iowa City Community School District

Notes to Basic Financial Statements

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2023, is as follows:

| | Balance, Beginning of Year | Increases | Decreases | Balance, End of Year |
|---|----------------------------------|----------------------|----------------------|-------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 15,538,273 | \$ 260,000 | \$ - | \$ 15,798,273 |
| Construction-in-progress | 20,994,643 | 29,038,993 | 19,302,273 | 30,731,363 |
| Total capital assets not being depreciated | <u>36,532,916</u> | <u>29,298,993</u> | <u>19,302,273</u> | <u>46,529,636</u> |
| Capital assets being depreciated/amortized: | | | | |
| Buildings | 522,387,978 | 26,232,834 | 3,635 | 548,617,177 |
| Improvements other than buildings | 43,104,475 | 2,127,140 | - | 45,231,615 |
| Furniture, equipment and vehicles | 29,662,218 | 2,571,061 | 33,890 | 32,199,389 |
| Right-to-use leased equipment | 263,145 | - | - | 263,145 |
| Right-to-use subscription assets | - | 86,705 | - | 86,705 |
| Total capital assets being depreciated | <u>595,417,816</u> | <u>31,017,740</u> | <u>37,525</u> | <u>626,398,031</u> |
| Less accumulated depreciation/amortization for: | | | | |
| Buildings | 109,253,161 | 11,613,449 | - | 120,866,610 |
| Improvements other than buildings | 14,520,252 | 1,802,381 | - | 16,322,633 |
| Furniture, equipment and vehicles | 26,421,521 | 1,370,703 | - | 27,792,224 |
| Right-to-use leased equipment | 13,158 | 48,246 | - | 61,404 |
| Right-to-use subscription assets | - | 61,252 | - | 61,252 |
| Total accumulated depreciation/amortization | <u>150,208,092</u> | <u>14,896,031</u> | <u>-</u> | <u>165,104,123</u> |
| Total capital assets being depreciated/amortized, net | <u>445,209,724</u> | <u>16,121,709</u> | <u>37,525</u> | <u>461,293,908</u> |
| Governmental activities capital assets, net | <u>\$ 481,742,640</u> | <u>\$ 45,420,702</u> | <u>\$ 19,339,798</u> | <u>\$ 507,823,544</u> |
| Business-Type Activities: | | | | |
| Capital assets being depreciated, furniture, equipment and vehicles | | | | |
| | \$ 1,969,103 | \$ 246,289 | \$ - | \$ 2,215,392 |
| Less accumulated depreciation for furniture, equipment and vehicles | | | | |
| | 1,507,950 | 89,000 | - | 1,596,950 |
| Business-type activities capital assets, net | <u>\$ 461,153</u> | <u>\$ 157,289</u> | <u>\$ -</u> | <u>\$ 618,442</u> |

Depreciation expense was charged by the District as follows:

| | |
|---|----------------------|
| Governmental activities: | |
| Instruction: | |
| Regular | \$ 9,896,221 |
| Special | 1,493,247 |
| Other | 1,344,913 |
| Support services: | |
| Administration services | 1,614,732 |
| Operation and maintenance | 495,176 |
| Transportation services | 2,936 |
| | <u>14,847,225</u> |
| Unallocated depreciation, excluding direct depreciation | 48,806 |
| Total governmental activities depreciation expense | <u>\$ 14,896,031</u> |
| Business-type activities, nutritional services | <u>\$ 89,000</u> |

Iowa City Community School District

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2023 are summarized as follows:

| | Balance Beginning of Year | Additions | Reductions | Balance End of Year | Due Within One Year |
|--|---------------------------------|-----------------------|----------------------|---------------------------|------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 164,020,000 | \$ - | \$ 7,205,000 | \$ 156,815,000 | \$ 7,445,000 |
| Sales tax revenue bonds | 34,115,000 | - | 34,115,000 | - | - |
| Notes from direct borrowings and direct placements: | | | | | |
| Sales tax revenue bonds | 32,090,000 | 137,285,000 | 4,680,000 | 164,695,000 | 8,805,000 |
| Capital loan notes | 2,765,000 | - | 900,000 | 1,865,000 | 920,000 |
| Other debt: | | | | | |
| Premium on general obligation bonds | 9,879,653 | - | 1,167,585 | 8,712,068 | - |
| Premium on sales tax revenue bonds | 1,286,711 | - | 1,286,711 | - | - |
| Other liabilities: | | | | | |
| Lease liability | 250,317 | - | 45,175 | 205,142 | 50,933 |
| Subscription-based liability | - | 36,702 | 11,993 | 24,709 | 12,232 |
| Early retirement | 1,205,391 | 7,209,964 | 1,205,391 | 7,209,964 | 7,209,964 |
| Total other postemployment benefits liability | 12,187,000 | 822,704 | - | 13,009,704 | - |
| Net pension liability | 2,013,265 | 58,110,501 | - | 60,123,766 | - |
| Compensated absences | 975,795 | 713,193 | 733,066 | 955,922 | 955,922 |
| Total | \$ 260,788,132 | \$ 204,178,064 | \$ 51,349,921 | \$ 413,616,275 | \$ 25,399,051 |
| Business-type activities, | | | | | |
| net pension liability | \$ 41,087 | \$ 1,185,929 | \$ - | \$ 1,227,016 | \$ - |

Lease liability: On April 27, 2022, the District entered into a lease agreement for copiers. An initial lease liability was recorded in the amount of \$263,145. The agreement requires monthly payments of \$4,780 over 5 years. During the year ended June 30, 2023, principal and interest paid were \$45,175 and \$7,250 respectively.

Lease liability maturities are as follows:

| Year ending June 30, | Lease Liability | |
|----------------------|-------------------|------------------|
| | Principal | Interest |
| 2024 | \$ 50,933 | \$ 6,259 |
| 2025 | 52,712 | 4,480 |
| 2026 | 54,558 | 2,634 |
| 2027 | 46,939 | 743 |
| | \$ 205,142 | \$ 14,116 |

Subscription-based liability: During the fiscal year ended June 30, 2023, the District entered into several subscription agreements for IT programs to provide curricular and IT environment support. An initial liability in the amount of \$36,702 was recorded. The agreements generally last 3 years. Certain agreements required the District to pay the cost of the subscription cost at that start of the agreement. The remaining subscriptions require annual payments of approximately \$12,700. During the year ended June 30, 2023, principal and interest paid were \$11,993 and \$1,686 respectively.

Iowa City Community School District

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

Subscription-based liability maturities are as follows:

| Year ending June 30, | Subscription-Based Liability | |
|----------------------|------------------------------|---------------|
| | Principal | Interest |
| 2024 | \$ 12,232 | \$ 494 |
| 2025 | 12,477 | 250 |
| | <u>\$ 24,709</u> | <u>\$ 744</u> |

Early retirement: The District provided early retirement incentives for certain employees who met certain qualifications as established by the Board of Education. The cost of the incentives is borne by the District in whole. Eligible participants cannot, and do not, contribute to the incentive program.

Early retirement participation is based on the following criteria, but may be adjusted annually to assist management in budgetary restraints:

1. It is available to employees who are at least 55 years of age. The Board of Directors reserves the right to limit the number of early retirements.
2. The employee has completed at least seven (7) years of service to the District and has been actively employed during the school year that they request early retirement benefits.
3. The employee must be eligible for the receipt of IPERS retirement benefits or allowance pursuant to Chapter 97B of the Code of Iowa.
4. The employee submits a written notification of their intent to apply for early retirement benefits prior to March 1 in the year the early retirement is to begin.
5. The benefits offered to District employees shall be a District contribution to a Special Pay Deferral Plan (SPDP) of 60%–70% of current year's base salary depending on years of service.

During the year ended June 30, 2023, 132 District employees requested early retirement, to be payable during the year ending June 30, 2024. The benefits to be paid to these employees will be made in October 2023 and January 2024 and the total of \$7,209,964 are generally liquidated from the Management Fund. During the year ended June 30, 2023, the District paid \$1,205,391 of early retirement benefits approved during the year ended June 30, 2022 from the Management Fund.

Compensated absences: Compensated absences are generally liquidated by the General Fund. The District's liability for compensated absences is expected to be utilized or paid out within one year.

Iowa City Community School District

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

Bonds payable: Details of the District’s general obligation bond, general obligation notes and revenue bonds indebtedness as of June 30, 2023 are as follows:

On February 11, 2020, the District issued \$65,925,000 in General Obligation Bonds, Series 2020, maturing June 1, 2021 through June 1, 2039 with an interest rate of 2.25% to 5% to remodel, repair, improve, renovate, furnish and equip existing school buildings in the District.

| Year ending June 30, | General Obligation Bonds - Series 2020 | | |
|----------------------|--|----------------------|----------------------|
| | Interest Rates | Principal | Interest |
| 2024 | 5.00% | \$ 2,270,000 | \$ 1,939,981 |
| 2025 | 5.00 | 2,740,000 | 1,826,481 |
| 2026 | 5.00 | 2,910,000 | 1,689,481 |
| 2027 | 5.00 | 3,250,000 | 1,543,981 |
| 2028 | 5.00 | 3,415,000 | 1,381,481 |
| 2029 - 2033 | 2.25 - 4.00 | 19,180,000 | 4,795,755 |
| 2034 - 2038 | 2.25 - 2.50 | 21,805,000 | 2,175,031 |
| 2039 | 2.50 | 4,680,000 | 117,000 |
| | | <u>\$ 60,250,000</u> | <u>\$ 15,469,191</u> |

On January 8, 2019, the District issued \$66,645,000 in General Obligation Bonds, Series 2019 maturing June 1, 2020 through June 1, 2038 with an interest rate of 2.75% to 5% to remodel, repair, improve, renovate, furnish and equip existing school buildings in the District.

| Year ending June 30, | General Obligation Bonds - Series 2019 | | |
|----------------------|--|----------------------|----------------------|
| | Interest Rates | Principal | Interest |
| 2024 | 5.00% | \$ 2,925,000 | \$ 2,413,875 |
| 2025 | 5.00 | 3,015,000 | 2,267,625 |
| 2026 | 5.00 | 3,110,000 | 2,116,875 |
| 2027 | 5.00 | 3,215,000 | 1,961,375 |
| 2028 | 5.00 | 3,320,000 | 1,800,625 |
| 2029 - 2033 | 4.00 - 5.00 | 18,420,000 | 6,507,225 |
| 2034 - 2038 | 3.63 - 4.00 | 22,095,000 | 2,531,012 |
| | | <u>\$ 56,100,000</u> | <u>\$ 19,598,612</u> |

Iowa City Community School District

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

On November 29, 2017, the District issued \$58,955,000 in General Obligation Bonds, Series 2017C maturing June 1, 2019 through June 2037 with an interest rate of 2.50% to 5% to finance the remaining projects of the District's facility master plan.

| Year ending June 30, | General Obligation Bonds - Series 2017C | | |
|----------------------|---|----------------------|----------------------|
| | Interest Rates | Principal | Interest |
| 2024 | 5.00% | \$ 2,250,000 | \$ 1,365,080 |
| 2025 | 5.00 | 2,365,000 | 1,252,580 |
| 2026 | 5.00 | 2,485,000 | 1,134,330 |
| 2027 | 4.00 | 2,605,000 | 1,010,080 |
| 2028 | 2.50 | 2,710,000 | 905,880 |
| 2029 - 2033 | 2.50 - 3.00 | 14,665,000 | 3,419,080 |
| 2034 - 2037 | 3.05 - 3.25 | 13,385,000 | 1,086,292 |
| | | <u>\$ 40,465,000</u> | <u>\$ 10,173,322</u> |

On December 3, 2014, the District issued \$9,430,000 in General Obligation School Capital Loan Notes, Series, 2014, maturing June 1, 2015 through June 1, 2025 with a interest rates of 2.00% to 2.25% to provide funds to purchase, construct, equip and relocate the One Vision Transitional Schoolhouse; remodel, improve, furnish, and equip Van Allen Elementary; install air-conditioning in and renovate Hoover Elementary; remodel, improve, furnish, and equip Hills Elementary, Weber Elementary and Coralville Central Elementary; Phase I renovation of City High School; and construct, build, furnish and equip East (Hoover) Elementary School. The Notes are general obligations of the District to be paid from a continuing annual levy upon all of the taxable valuation not to exceed one dollar thirty-four cents (\$1.34) per one thousand dollars (\$1,000).

| Years ending June 30, | Capital Loan Notes, Series 2014 | | |
|-----------------------|---------------------------------|---------------------|------------------|
| | Interest Rates | Principal | Interest |
| 2024 | 2.00% | \$ 920,000 | \$ 39,663 |
| 2025 | 2.25 | 945,000 | 21,263 |
| | | <u>\$ 1,865,000</u> | <u>\$ 60,926</u> |

On August 25, 2015, the District issued \$60,030,000 in Sales Tax Revenue Bonds, maturing June 1, 2016 through June 1, 2029 with interest rates of 3.00% to 5.00% to provide funds to build, furnish and equip a new high school building; to build, furnish, and equip addition(s) to existing school buildings in the District; to remodel, repair, expand and improve existing school buildings in the District. The Bonds were not general obligations of the District. The Bonds were payable solely from the proceeds of the Bonds and tax revenues received by the District under the tax. The Bonds were fully paid off in a current refunding with proceeds from the Series 2023 Sales Tax Revenue Bonds issued in June 2023.

Iowa City Community School District

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

On December 22, 2016, the District issued \$10,000,000 in Sales Tax Revenue Bonds, maturing June 1, 2018 through June 1, 2029 with interest rates of 2.25% to provide funds to construct, build, furnish and equip a new elementary building and construct a road to the building and to remodel, repair, improve, renovate, furnish and equip existing school buildings in the District. The Bonds are payable solely from the proceeds of the Bonds and tax revenues received by the District under the tax.

| Sales Tax Revenue Bonds, Series 2016 | | | |
|--------------------------------------|----------------|---------------------|-------------------|
| | Interest Rates | Principal | Interest |
| Years ending June 30, | | | |
| 2024 | 2.25% | \$ 840,000 | \$ 119,475 |
| 2025 | 2.25 | 855,000 | 100,575 |
| 2026 | 2.25 | 875,000 | 81,338 |
| 2027 | 2.25 | 895,000 | 61,650 |
| 2028 | 2.25 | 915,000 | 41,513 |
| 2029 | 2.25 | 930,000 | 20,925 |
| | | <u>\$ 5,310,000</u> | <u>\$ 425,476</u> |

On January 19, 2017, the District issued \$11,185,000 in Sales Tax Revenue Bonds, maturing June 1, 2018 through June 1, 2029 with interest rates of 2.56% to provide funds to construct, build, furnish and equip a new elementary building and construct a road to the building and to remodel, repair, improve, renovate, furnish and equip existing school buildings in the District. The Bonds are payable solely from the proceeds of the Bonds and tax revenues received by the District under the tax.

| Sales Tax Revenue Bonds, Series 2017 | | | |
|--------------------------------------|----------------|---------------------|-------------------|
| | Interest Rates | Principal | Interest |
| Years ending June 30, | | | |
| 2024 | 2.56% | \$ 940,000 | \$ 152,064 |
| 2025 | 2.56 | 960,000 | 128,000 |
| 2026 | 2.56 | 980,000 | 103,424 |
| 2027 | 2.56 | 1,000,000 | 78,336 |
| 2028 | 2.56 | 1,020,000 | 52,736 |
| 2029 | 2.56 | 1,040,000 | 26,624 |
| | | <u>\$ 5,940,000</u> | <u>\$ 541,184</u> |

On August 2, 2017, the District issued \$21,200,000 in Sales Tax Revenue Bonds, maturing June 1, 2018 through June 1, 2029 with interest rates of 2.38% to provide funds to construct, build, furnish and equip a new elementary building and construct a road to the building and to remodel, repair, improve, renovate, furnish and equip existing school buildings in the District. The Bonds are payable solely from the proceeds of the Bonds and tax revenues received by the District under the tax law.

| Sales Tax Revenue Bonds, Series 2017B | | | |
|---------------------------------------|----------------|----------------------|-------------------|
| | Interest Rates | Principal | Interest |
| Years ending June 30, | | | |
| 2024 | 2.38% | \$ 1,785,000 | \$ 275,009 |
| 2025 | 2.38 | 1,840,000 | 232,526 |
| 2026 | 2.38 | 1,895,000 | 188,734 |
| 2027 | 2.38 | 1,950,000 | 143,633 |
| 2028 | 2.38 | 2,010,000 | 97,223 |
| 2029 | 2.38 | 2,075,000 | 49,385 |
| | | <u>\$ 11,555,000</u> | <u>\$ 986,510</u> |

Iowa City Community School District

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

On June 26, 2018, the District issued \$9,085,000 in Sales Tax Revenue Bonds, maturing June 1, 2019 through June 1, 2029 with interest rates of 3.30% to remodel, repair, improve, renovate, furnish and equip existing school buildings in the District. The Bonds are payable solely from the proceeds of the Bonds and tax revenues received by the District under the tax law.

| Years ending June 30, | Sales Tax Revenue Bonds, Series 2018 | | |
|-----------------------|--------------------------------------|---------------------|-------------------|
| | Interest Rates | Principal | Interest |
| 2024 | 3.30% | \$ 775,000 | \$ 166,980 |
| 2025 | 3.30 | 800,000 | 141,405 |
| 2026 | 3.30 | 830,000 | 115,005 |
| 2027 | 3.30 | 855,000 | 87,615 |
| 2028 | 3.30 | 885,000 | 59,400 |
| 2029 | 3.30 | 915,000 | 30,195 |
| | | <u>\$ 5,060,000</u> | <u>\$ 600,600</u> |

On August 11, 2022, the District issued \$65,815,000 in Sales Tax Revenue Bonds, maturing June 1, 2023 through June 1, 2037 with interest rates of 3.34% to provide funds to construct, build, furnish and equip additions, improvements, and expansions to existing school buildings and campuses. The Bonds are payable solely from the proceeds of the Bonds and tax revenues received by the District under the tax law.

| Year ending June 30, | Sales Tax Bond - Series 2022A | | |
|----------------------|-------------------------------|----------------------|----------------------|
| | Interest Rates | Principal | Interest |
| 2024 | 3.34% | \$ 35,000 | \$ 2,183,024 |
| 2025 | 3.34 | 25,000 | 2,181,855 |
| 2026 | 3.34 | 20,000 | 2,181,020 |
| 2027 | 3.34 | 15,000 | 2,180,352 |
| 2028 | 3.34 | 10,000 | 2,179,851 |
| 2029 - 2033 | 3.34 | 30,485,000 | 9,412,120 |
| 2034 - 2037 | 3.34 | 34,770,000 | 2,950,890 |
| | | <u>\$ 65,360,000</u> | <u>\$ 23,269,112</u> |

On June 29, 2023, the District issued \$71,470,000 in Sales Tax Revenue Bonds, maturing June 1, 2024 through June 1, 2038 with interest rates of 3.71% to provide funds to construct, build, furnish and equip additions and remodels to existing school buildings within the District. A portion of the proceeds was also used to refund the Sales Tax Revenue Bonds issued on August 25, 2015. The current refunding will result in total cash flow savings of approximately \$6,416,500 through June 2029. Annual savings range from approximately \$240,000 to approximately \$380,000 in fiscal years 2024 through 2028, with the majority of the savings (approximately \$4.7 million) occurring in fiscal year 2029 when the refunded bonds were due to mature. The transaction resulted in a net economic loss of approximately \$262,000, based on the present value of the new and old debt service requirements and the existing funds already on hand.

The Bonds are payable solely from the proceeds of the Bonds and tax revenues received by the District under the tax law.

Iowa City Community School District

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

| | Sales Tax bonds Bonds - Series 2023 | | |
|----------------------|-------------------------------------|----------------------|----------------------|
| | Interest Rates | Principal | Interest |
| Year ending June 30, | | | |
| 2024 | 3.71% | \$ 4,430,000 | \$ 2,445,306 |
| 2025 | 3.71 | 4,480,000 | 2,487,184 |
| 2026 | 3.71 | 4,640,000 | 2,320,976 |
| 2027 | 3.71 | 4,815,000 | 2,148,832 |
| 2028 | 3.71 | 4,985,000 | 1,970,196 |
| 2029 - 2033 | 3.71 | 18,730,000 | 7,427,050 |
| 2034 - 2038 | 3.71 | 29,390,000 | 4,024,980 |
| | | <u>\$ 71,470,000</u> | <u>\$ 22,824,524</u> |

The District has pledged a portion of future sales tax revenues to repay the sales tax revenue bonds. The bonds are payable solely from the sales taxes received by the District. Total principal and interest remaining on the bonds is \$213,342,406, payable through 2038. For the current year, principal and interest paid were \$12,854,561 and total incremental sales tax revenues were \$19,687,857. In the current year, an additional \$29,815,000 of principal was paid off in a current refunding with proceeds from the issuance of the Series 2023 Bonds. This portion of the Series 2023 Bonds was used to execute a current refunding of the Series 2015 Bonds. Upon issuance, the applicable funds were immediately deposited into an escrow account which was used to discharge the remaining liability on June 29, 2023.

A summary of the District's general obligation bonds, capital loan notes and sales tax revenue bonds principal and interest maturities are as follows:

| Year ending June 30, | General Obligation Bonds | | Capital Loan Notes | | Sales Tax Revenue Bonds | |
|----------------------|--------------------------|----------------------|---------------------|------------------|-------------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2024 | \$ 7,445,000 | \$ 5,718,936 | \$ 920,000 | \$ 39,663 | \$ 8,805,000 | \$ 5,341,858 |
| 2025 | 8,120,000 | 5,346,686 | 945,000 | 21,263 | 8,960,000 | 5,271,545 |
| 2026 | 8,505,000 | 4,940,686 | - | - | 9,240,000 | 4,990,497 |
| 2027 | 9,070,000 | 4,515,436 | - | - | 9,530,000 | 4,700,418 |
| 2028 | 9,445,000 | 4,087,986 | - | - | 9,825,000 | 4,400,919 |
| 2029 - 2033 | 52,265,000 | 14,722,060 | - | - | 54,175,000 | 16,966,299 |
| 2034 - 2038 | 57,285,000 | 5,792,335 | - | - | 64,160,000 | 6,975,870 |
| 2039 | 4,680,000 | 117,000 | - | - | - | - |
| | <u>\$ 156,815,000</u> | <u>\$ 45,241,125</u> | <u>\$ 1,865,000</u> | <u>\$ 60,926</u> | <u>\$ 164,695,000</u> | <u>\$ 48,647,406</u> |

As of June 30, 2023, the District did not exceed its legal debt margin computed as follows:

| | |
|--|--------------------------|
| Total assessed valuation | <u>\$ 12,543,429,315</u> |
| Debt limit, 5% of total assessed valuation | \$ 627,171,466 |
| Amount of debt applicable to debt limitation, general obligation bonds and capital loan notes | <u>158,680,000</u> |
| Excess of debt limit over debt outstanding, legal debt margin | <u>\$ 468,491,466</u> |

Iowa City Community School District

Notes to Basic Financial Statements

Note 7. 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 the Iowa Public Employees Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

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

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

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

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

Iowa City Community School District

Notes to Basic Financial Statements

Note 7. Pension and Retirement Benefits (Continued)

In fiscal year 2023, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2023 totaled \$12,907,048.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2023, the District reported a liability of \$61,350,782 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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 a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2022, the District's proportion was 1.5457%, an increase of 0.0803% from its proportion measured as of June 30, 2021. Net pension liability attributable to governmental activities are generally liquidated by the general fund and management fund.

For the year ended June 30, 2023, the District recognized pension benefit of \$2,697,297. At June 30, 2023, 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 | \$ 2,719,674 | \$ (840,370) |
| Changes of assumptions | 52,056 | (1,465) |
| Net difference between projected and actual earnings on pension plan investments | - | (6,567,404) |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 4,092,493 | (327,526) |
| Total deferred amounts to be recognized in pension expense in future periods | 6,864,223 | (7,736,765) |
| District contributions subsequent to measurement date | 12,907,048 | - |
| Total | <u>\$ 19,771,271</u> | <u>\$ (7,736,765)</u> |

Deferred pension outflows totaling \$12,907,048 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, 2024. The deferred outflows and deferred inflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized as a reduction of pension expense over five years. The deferred outflows and deferred inflows resulting from differences between expected and actual experience, the deferred outflows and deferred inflows resulting from changes of assumptions and the deferred outflows and deferred inflows resulting from changes in proportion and differences between District contributions and proportionate share of contributions will be recognized in pension expense using the average expected remaining service lives of all IPERS members. The average is determined by taking the calculated total future service years of the Plan divided by the number of the people in the Plan including retirees.

Iowa City Community School District

Notes to Basic Financial Statements

Note 7. Pension and Retirement Benefits (Continued)

Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| | |
|-----------------------|---------------------|
| Years ending June 30: | |
| 2024 | \$ (4,644,006) |
| 2025 | (3,612,911) |
| 2026 | (7,260,124) |
| 2027 | 14,206,016 |
| 2028 | 438,483 |
| | <u>\$ (872,542)</u> |

Actuarial assumptions: The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an experience study dated June 16, 2022.

Mortality rates used in the 2022 valuation were based on the Pub-2010 Employee, Healthy Annuitant, and Disabled Mortality Tables, using MP-2021 for generational adjustments. This was updated from the Mortality rates used in the 2021 valuation, which were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

Iowa City Community School District

Notes to Basic Financial Statements

Note 7. Pension and Retirement Benefits (Continued)

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 of return (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:

| Asset Class | Asset Allocation | Long-Term Expected Real Rate of Return |
|--------------------------|------------------|--|
| Core-plus fixed income | 20.0% | 1.66% |
| Domestic equity | 22.0% | 3.57% |
| International equity | 17.5% | 4.79% |
| Global smart beta equity | 6.0% | 4.16% |
| Private equity | 13.0% | 7.57% |
| Private real assets | 8.5% | 3.55% |
| Public credit | 4.0% | 3.77% |
| Private credit | 8.0% | 3.63% |
| Cash | 1.0% | 0.77% |
| | 100.0% | |

Discount rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers 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 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|------------------------|--------------------------|------------------------|
| District's proportionate share of the net pension liability | \$ 114,303,882 | \$ 61,350,782 | \$ 14,684,545 |

Iowa City Community School District

Notes to Basic Financial Statements

Note 7. Pension and Retirement Benefits (Continued)

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 can be located at www.ipers.org.

Payables to the pension plan: At June 30, 2023, the District reported payables to the defined benefit pension plan of \$2,234,217 for legally required employer contributions and legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 8. Risk Management

The Iowa City 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.

Workers' compensation, property, general liability and other insurance: The District is a member of the Iowa Public School Insurance Program (IPSIP), a public entity risk pool formed in July of 2012 between certain Iowa school districts, created in accordance with Chapter 28E of the Code of Iowa. The purpose of IPSIP is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections so as to effectively manage and contain costs for insurance coverage and related administration. IPSIP has 20 members as of July 1, 2021. IPSIP is governed by an eleven-member board of directors elected by the members of IPSIP. The District has no direct control over budgeting, financing, the governing body or management selection.

IPSIP is not intended to function as an insurance company for the participants; rather, it is a means of combining the administration of claims and of obtaining lower insurance rates through the creation of a self-insurance pool and through the purchase of commercial insurance. The District's participation in IPSIP represents a risk-sharing pool as defined by GASB Statement No. 10 in which the District pools its risks and funds with other members and shares in the cost of losses. The District is required to make annual payments, which are determined by IPSIP, based upon its direct proportion to the pro rata share of insurance costs for coverage administered by IPSIP. IPSIP may require the participating Districts to make supplemental payments if the funds on hand are insufficient to pay expenses of the administration of IPSIP. The District was not required to make any supplemental payments to IPSIP in fiscal years 2023 or 2022. Payments to IPSIP by the District in order to maintain adequate insurance coverage in fiscal year 2023 was \$2,992,966.

Employee health insurance: During the year ended June 30, 2023, employees of the District were covered by the District's health and dental self-insurance plan. The contributions made by the District are part of the negotiated agreements with specific employee groups. Employees authorize payroll withholdings to pay contributions for dependents or increased coverage. Claims were paid by a third-party administrator acting on behalf of the District. The plans are authorized by Chapter 509A of the Code of Iowa.

The administrative contract between the District and the third-party administrator is renewable annually and administrative fees and stop loss premiums are included in the contractual provisions. In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop loss coverage from a private insurance company. Stop loss coverage was in effect for individual claims that exceeded \$250,000 and for an aggregate amount of 125% of expected claims.

Iowa City Community School District

Notes to Basic Financial Statements

Note 8. Risk Management (Continued)

All claim handling procedures are performed by an independent claims administrator. Liabilities are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Recognized liabilities include a provision for all estimated claims incurred but not reported. Changes in the medical claims liability amounts for the years ended June 30, 2023 and 2022 were as follows:

| Self-Insurance Liability | Beginning | Claims and Changes in Estimates | Claims Payments | Ending |
|--------------------------|--------------|---------------------------------------|--------------------|--------------|
| Health: | | | | |
| 2023 | \$ 1,515,321 | \$ 18,352,763 | \$ 18,382,611 | \$ 1,485,473 |
| 2022 | 1,655,260 | 16,579,555 | 16,719,494 | 1,515,321 |

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of media, educational services and special education services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$7,118,887 for the year ended June 30, 2023. The District's actual constructive revenue and constructive expenses are included in the General Fund.

Note 10. Commitments

As of June 30, 2023, the District had outstanding construction commitments totaling approximately \$63,791,000 which will be paid with bond proceeds, property taxes and sales taxes.

Note 11. Nonvested Employee Benefits

District employees accumulate sick leave hours for subsequent use and can be carried over in limited amounts for use in future years. The contingent liability for this sick leave is approximately \$33,594,000 as of June 30, 2023. This liability is not paid out upon termination and is not included as a liability in the statement of net position. This contingent liability has been computed based on rates of pay as of June 30, 2023.

Note 12. Contingencies

As of June 30, 2023, the District is involved in various claims and lawsuits against the District that arise in the normal course of operations, which are covered by insurance. The outcome and eventual liability of the District, if any, from these claims and any unasserted claims is not known at this time; however, management does not believe they will be material to the basic financial statements.

Iowa City Community School District

Notes to Basic Financial Statements

Note 13. Jointly Governed Organization

The District is a member of a cooperative agreement with the City of Coralville, Iowa organized under 28E of the Code of Iowa to provide for the operation of a joint swimming pool facility. The mayor of the City of Coralville, Iowa is designated as the administrator of the agreement. Under the agreement, the District is responsible for 30% of the City's costs and expenses in operating and maintaining the facility payable monthly throughout the year. For the fiscal year 2023, monthly payments were approximately \$9,700 per month, which were paid from the General Fund. The financial statements for the jointly governed organization can be found in the City of Coralville, Iowa Annual Comprehensive Financial Report. The report may be obtained by writing to the City of Coralville, Iowa, 1512 7th St., Coralville, Iowa 52241.

Note 14. Other Postemployment Benefits (OPEB)

Plan description: The District's defined benefit OPEB plan, a single employer health care plan provides OPEB for all active and retired employees and their eligible dependents. The plan is administered by the District and the District has the authority to establish or amend the plan provisions or contribution requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a stand-alone financial report.

Benefits provided: As required under Iowa Code Chapter 509A-3, the District provides postemployment health benefits. Health benefits include medical, prescription drug and dental. The benefits are provided until the participant is Medicare eligible, are self-insured by the District and administered through Wellmark, Inc.

Contributions: All participants of the postemployment medical, dental and prescription drug plan are required to contribute an amount equal to the premium equivalent. Since the premium equivalent is developed from the claims experience of active employee and retiree lives, an implicit subsidy is provided to retirees and their spouses. The implicit subsidy results from a lower premium equivalent to what a retiree would otherwise pay had the claims experience been based just on retiree health claims. The full active/retire premiums as of July 1, 2023 are as follows:

| Rate Tier | Medical | Dental |
|--------------------|---------|--------|
| Retiree only | \$ 675 | \$ 34 |
| Retiree and family | 1,400 | 102 |

Employees covered by benefit terms: At June 30, 2023, the following employees were covered by the benefit terms:

| | |
|---|-------|
| Inactive employees currently receiving benefits | 109 |
| Active employees | 2,178 |
| | 2,287 |

Iowa City Community School District

Notes to Basic Financial Statements

Note 14. Other Postemployment Benefits (OPEB) (Continued)

Total OPEB liability: The District's total OPEB liability of \$13,009,704 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date. Total OPEB liability attributable to governmental activities are generally liquidated by the general fund.

Actuarial methods and assumptions: The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------------------|---|
| Salary increases | 3.5% |
| Discount rate | 3.65% - measurement date 3.54% - preceding measurement date |
| Health care cost trend rates | 6.75% for 2023 decreasing by 0.25% per year to an ultimate rate of 4.0% |
| Mortality rates | PUB-2010 mortality table with generational scale MP-2021 |

The discount rate was based on the June 30, 2023 Bond Buyer 20-Bond GO Index.

Changes in the total OPEB liability

| | Total OPEB Liability |
|--|-------------------------|
| Balance as of June 30, 2022 | \$ 12,187,000 |
| Changes for the year: | |
| Service cost | 1,147,290 |
| Interest | 460,333 |
| Changes in assumptions or other inputs | (123,857) |
| Contributions and payments made | (661,062) |
| Net changes | 822,704 |
| Balance as of June 30, 2023 | \$ 13,009,704 |

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the District, as well as what the District's approximate total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

| | 1% Decrease 2.65% | Discount Rate 3.65% | 1% Increase 4.65% |
|----------------------|----------------------|------------------------|----------------------|
| Total OPEB liability | \$ 14,182,000 | \$ 13,009,704 | \$ 11,951,000 |

Iowa City Community School District

Notes to Basic Financial Statements

Note 14. Other Postemployment Benefits (OPEB) (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.75% decreasing to 3.0%) or 1-percentage-point higher (7.75% decreasing to 5.0%) than the current health care cost trend rates:

| | (5.75% Decreasing to 3.00%) | Health Care Cost Trend Rates (6.75% Decreasing to 4.00%) | (7.75% Decreasing to 5.00%) |
|----------------------|-----------------------------------|--|-----------------------------------|
| Total OPEB liability | \$ 11,471,000 | \$ 13,009,704 | \$ 14,862,000 |

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended June 30, 2023, the District recognized OPEB expense of \$1,569,266. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 550,267 | \$ (749,870) |
| Changes of assumptions or other inputs | 262,954 | (645,127) |
| | <u>\$ 813,221</u> | <u>\$ (1,394,997)</u> |

Amounts reported as the deferred inflows of resources related to OPEB will be recognized in OPEB expense over the average future service to retirement of plan participants as follows:

| | |
|-----------------------|---------------------|
| Years ending June 30: | |
| 2024 | \$ (38,380) |
| 2025 | (38,380) |
| 2026 | (38,380) |
| 2027 | (38,380) |
| 2028 | (38,380) |
| Thereafter | (389,876) |
| | <u>\$ (581,776)</u> |

Iowa City Community School District

Notes to Basic Financial Statements

Note 15. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications. The details for the District's fund balances are as follows:

| Fund Balances: | Physical Plant and Equipment | | | | | Total |
|------------------------------------|------------------------------|---------------|------------------|--------------|-----------------------|----------------|
| | General | Levy | Capital Projects | Debt Service | Nonmajor Governmental | |
| Nonspendable, prepaids | \$ 1,702,154 | \$ 55,253 | \$ 115,388 | \$ - | \$ - | \$ 1,872,795 |
| Restricted: | | | | | | |
| Categorical funding: | | | | | | |
| Gifted and talented program | 45,707 | - | - | - | - | 45,707 |
| Home school assistance program | 1,096,941 | - | - | - | - | 1,096,941 |
| State preschool | 388,653 | - | - | - | - | 388,653 |
| Dropout Prevention | 72,488 | - | - | - | - | 72,488 |
| Beginning Teacher | 25,058 | - | - | - | - | 25,058 |
| Teacher salary supplement | 13,575 | - | - | - | - | 13,575 |
| Teacher quality market factor | 17,147 | - | - | - | - | 17,147 |
| State class size reduction | 40,000 | - | - | - | - | 40,000 |
| Rec Ed programs | 126 | - | - | - | - | 126 |
| State mentoring | 14,140 | - | - | - | - | 14,140 |
| Non-public textbooks | 740 | - | - | - | - | 740 |
| Teacher quality-core curriculum | 1,659,628 | - | - | - | - | 1,659,628 |
| Teacher leadership program | 105,671 | - | - | - | - | 105,671 |
| Teacher quality | 2,605 | - | - | - | - | 2,605 |
| Teacher quality market factor 2008 | 6,245 | - | - | - | - | 6,245 |
| Debt service | - | - | - | 928,571 | - | 928,571 |
| Management levy purposes | - | - | - | - | 1,165,161 | 1,165,161 |
| Student activities | - | - | - | - | 31,551 | 31,551 |
| Capital improvements and equipment | - | 11,223,045 | 83,605,941 | - | 2,448,295 | 97,277,281 |
| Total restricted | 3,488,724 | 11,223,045 | 83,605,941 | 928,571 | 3,645,007 | 102,891,288 |
| Unassigned | 4,960,343 | - | - | - | - | 4,960,343 |
| Total fund balances | \$ 10,151,221 | \$ 11,278,298 | \$ 83,721,329 | \$ 928,571 | \$ 3,645,007 | \$ 109,724,426 |

Note 16. Tax Abatements

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

Iowa City Community School District

Notes to Basic Financial Statements

Note 16. Tax Abatements (Continued)

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2023 under agreements entered into by the following entities:

| Entity | Tax Abatement Program | Amount of Tax Abated |
|-----------------------|--|-------------------------|
| City of Coralville | Urban renewal and economic development | \$ 953,621 |
| City of North Liberty | Urban renewal and economic development | 52,804 |
| City of Iowa City | Urban renewal and economic development | 711,641 |
| | | <u>\$ 1,718,066</u> |

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2023, this reimbursement amounted to \$808,874.

Note 17. Adopted and Pending Governmental Accounting Standards Board (GASB) Statements

The District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the fiscal year ending June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. The implementation of this standard resulted in the District recording a right-to-use subscription asset and subscription-based liability and certain additional disclosures. The implementation of this standard did not have a material impact on the financial statements.

The GASB has issued several statements not yet implemented by the District. The statements which may impact the District are as follows:

- GASB Statement No. 100, *Accounting Changes and Error Corrections*, issued in June 2022, will be effective for the District beginning with its fiscal year ended June 30, 2024. The objective of Statement No. 100 is to improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice.
- GASB Statement No. 101, *Compensated Absences*, issued in June 2022, will be effective for the District beginning with its fiscal year ended June 30, 2025. The objective of Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Iowa City Community School District

Notes to Basic Financial Statements

Note 17. Adopted and Pending Governmental Accounting Standards Board (GASB) Statements (Continued)

- GASB Statement No. 102, *Certain Risk Disclosures*, will be effective for the District beginning with its fiscal year ended June 30, 2025. Statement No. 102 requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact.
- GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the District beginning with its fiscal year ended June 30, 2026. This Statement's objective is to improve components of the financial reporting model to enhance effectiveness in providing essential information for decision making and to assess a government's accountability.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the District beginning with its fiscal year ended June 30, 2026. This Statement requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

The District's management has not yet determined the effect of Statement Nos. 100, 101, 102, 103, and 104 will have on the District's financial statements but they may have a material effect on the financial statements.

Note 18. Subsequent Events

In January 2025, several executive orders were signed by President Trump, that could potentially impact federal financial assistance. Federal agencies have been tasked with reviewing their federal programs to ensure they align with the President's policy priorities. Management has concluded there is no significant impact expected to the financial statements for the year ended June 30, 2023 as there were no significant balances of federal funded receivables not already collected. The implication of these executive orders are not fully known at the date these financial statements are issued.

Iowa City Community School District

**Required Supplementary Information (unaudited)
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Iowa Public Employees' Retirement System**

| | 2023 | June 30, 2022 | 2021 |
|--|----------------------|------------------|----------------|
| Measurement date | June 30, 2022 | June 30, 2021 | June 30, 2020 |
| District's proportion of the net pension liability | 1.5457120% | 1.4653930% | 1.4687990% |
| District's proportionate share of the net pension liability | \$ 61,350,782 | \$ 2,054,352 | \$ 102,459,357 |
| District's covered payroll | 130,756,070 | 118,908,951 | 115,729,873 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 46.92% | 1.73% | 88.53% |
| Plan fiduciary net position as a percentage of the total pension liability | 91.40% | 100.81% | 82.90% |

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

| June 30, | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| 1.4757510% | 1.4416640% | 1.3711820% | 1.3309690% | 1.3168825% | 1.3572122% |
| \$ 86,029,745 | \$ 91,203,343 | \$ 90,521,204 | \$ 83,762,076 | \$ 65,060,367 | \$ 53,825,764 |
| 114,566,896 | 109,010,291 | 101,421,937 | 95,494,737 | 90,210,145 | 88,810,145 |
| 75.09% | 83.66% | 89.25% | 87.71% | 72.12% | 60.61% |
| 84.38% | 83.62% | 82.21% | 81.82% | 85.19% | 87.61% |

Iowa City Community School District

**Required Supplementary Information
 Schedule of District Contributions
 Iowa Public Employees' Retirement System**

| Fiscal year ended June 30, | Statutorily required contribution | Contributions in relation to the statutorily required contribution | Contributions deficiency (excess) | District's covered payroll | Contributions as a percentage of covered payroll |
|----------------------------|---|--|---|----------------------------------|---|
| 2023 | \$ 12,907,048 | \$ 12,907,048 | \$ - | \$ 136,727,203 | 9.44% |
| 2022 | 12,343,373 | 12,343,373 | - | 130,756,070 | 9.44 |
| 2021 | 11,225,005 | 11,225,005 | - | 118,908,951 | 9.44 |
| 2020 | 10,924,900 | 10,924,900 | - | 115,729,873 | 9.44 |
| 2019 | 10,815,115 | 10,815,115 | - | 114,566,896 | 9.44 |
| 2018 | 9,734,619 | 9,734,619 | - | 109,010,291 | 8.93 |
| 2017 | 9,056,979 | 9,056,979 | - | 101,421,937 | 8.93 |
| 2016 | 8,527,680 | 8,527,680 | - | 95,494,737 | 8.93 |
| 2015 | 8,055,766 | 8,055,766 | - | 90,210,145 | 8.93 |
| 2014 | 7,930,746 | 7,930,746 | - | 88,810,145 | 8.93 |

Iowa City Community School District

Notes to Required Supplementary Information—Pension Liability Iowa Public Employee's Retirement System

Changes of benefit terms: There are no significant changes in benefit terms.

Changes of assumptions: The 2022 valuation implemented the following refinements as a result of an experience study dated June 16, 2022:

- Changed mortality assumptions to the Pub-2010 General Employees Mortality Tables, projected generationally using Scale MP-2021.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted terminated rates.

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

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

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

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

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

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

Iowa City Community School District

**Required Supplementary Information (unaudited)
 Schedule of Changes in the District's Total OPEB Liability and Related Ratios
 Last Ten Fiscal Years**

| | 2023 | 2022 |
|---|----------------------|----------------------|
| Total OPEB liability | | |
| Service cost | \$ 1,147,290 | \$ 1,034,983 |
| Interest | 460,333 | 265,008 |
| Difference between actual and expected | - | 619,050 |
| Changes of assumptions or other inputs | (123,857) | (412,092) |
| Benefit payments | (661,062) | (552,558) |
| Net change in total OPEB liability | 822,704 | 954,391 |
| Total OPEB liability—beginning | 12,187,000 | 11,232,609 |
| Total OPEB liability—ending | \$ 13,009,704 | \$ 12,187,000 |
| Covered—employee payroll | \$ 100,872,000 | \$ 97,461,118 |
| Total OPEB liability as a percentage of covered-employee payroll | 13% | 13% |

Plan fiduciary net position: There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the plan.

Changes of benefit terms: There were no significant changes in benefit terms.

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

| | |
|-------------|-------------|
| 2017 | 3.58% |
| 2018 | 3.87 |
| 2019 | 3.50 |
| 2020 | 2.21 |
| 2021 | 2.16 |
| 2022 | 3.54 |
| 2023 | 3.65 |

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

| | 2021 | 2020 | 2019 | 2018 |
|----|-------------|----------------|----------------|----------------|
| \$ | 1,004,245 | \$ 1,212,628 | \$ 1,107,946 | \$ 1,066,666 |
| | 249,513 | 402,823 | 387,356 | 352,150 |
| | - | - | - | - |
| | 46,032 | (988,072) | 354,106 | (245,309) |
| | (706,202) | (569,938) | (338,147) | (272,000) |
| | 593,588 | 57,441 | 1,511,261 | 901,507 |
| | 10,639,021 | 10,581,580 | 9,070,319 | 8,168,812 |
| \$ | 11,232,609 | \$ 10,639,021 | \$ 10,581,580 | \$ 9,070,319 |
| \$ | 104,937,000 | \$ 101,388,150 | \$ 113,399,974 | \$ 106,067,467 |
| | 11% | 10% | 9% | 9% |

Iowa City Community School District

Required Supplementary Information (unaudited)
 Budgetary Comparison Schedule
 All Governmental Funds and Enterprise Fund
 Year Ended June 30, 2023

| | Governmental Fund Types Actual | Enterprise Fund Type Actual | Total Actual |
|--|--------------------------------------|-----------------------------------|-----------------------|
| Revenues: | | | |
| Local sources | \$ 125,822,578 | \$ 4,015,412 | \$ 129,837,990 |
| State sources | 115,120,926 | 52,539 | 115,173,465 |
| Federal sources | 25,326,712 | 5,594,286 | 30,920,998 |
| Total revenues | 266,270,216 | 9,662,237 | 275,932,453 |
| Expenditures: | | | |
| Instruction | 141,958,591 | - | 141,958,591 |
| Support services | 77,755,909 | - | 77,755,909 |
| Noninstructional programs | 695,671 | 7,843,519 | 8,539,190 |
| Other expenditures | 105,826,160 | - | 105,826,160 |
| Total expenditures | 326,236,331 | 7,843,519 | 334,079,850 |
| Excess of revenues over (under) expenditures/expenses | (59,966,115) | 1,818,718 | (58,147,397) |
| Other financing sources, net | 137,321,702 | - | 137,321,702 |
| Net change in fund balances/net position | 77,355,587 | 1,818,718 | 79,174,305 |
| Fund balances/net position, beginning of year | 32,368,839 | 4,253,401 | 36,622,240 |
| Fund balances/net position, end of year | \$ 109,724,426 | \$ 6,072,119 | \$ 115,796,545 |

See note to required supplementary information.

| Budgeted Amounts | | Final | Final to Actual Variance- Over (Under) |
|---------------------|-----------------|----------------|--|
| Original | | | |
| \$ 120,539,365 | \$ 120,539,365 | \$ 9,298,625 | |
| 109,885,440 | 109,885,440 | 5,288,025 | |
| 28,605,608 | 28,605,608 | 2,315,390 | |
| 259,030,413 | 259,030,413 | 16,902,040 | |
| 136,085,000 | 145,085,000 | (3,126,409) | |
| 66,722,300 | 73,608,426 | 4,147,483 | |
| 7,925,000 | 9,511,637 | (972,447) | |
| 54,306,915 | 123,182,417 | (17,356,257) | |
| 265,039,215 | 351,387,480 | (17,307,630) | |
| (6,008,802) | (92,357,067) | 34,209,670 | |
| 45,000 | 45,000 | 137,276,702 | |
| \$ (5,963,802) | \$ (92,312,067) | \$ 171,486,372 | |

Iowa City Community School District

Note to Required Supplementary Information—Budgetary Reporting

The Board of Education annually adopts and certifies a budget by program which includes all funds except for internal service funds and private-purpose trust funds on the GAAP basis following required public notice and hearing in accordance with the Code of Iowa. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund. These four functional areas are instruction, support services, noninstructional programs and other expenditures. 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 (spending authority).

During the year ended June 30, 2023, the Districted adopted one budget amendment which increased the budgeted expenditures by \$86,348,265.

Iowa City Community School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

| | Special Revenue | | Capital Projects | Total |
|---|----------------------|-------------------|--------------------------|-----------------------------|
| | Management | Student Activity | General Obligation Bonds | Nonmajor Governmental Funds |
| Assets | | | | |
| Cash, cash equivalents, and investments | \$ 1,139,546 | \$ 122,602 | \$ 2,565,491 | \$ 3,827,639 |
| Receivables: | | | | |
| Property tax: | | | | |
| Current year | 25,460 | - | - | 25,460 |
| Succeeding year | 13,348,019 | - | - | 13,348,019 |
| Other | - | 1,007 | - | 1,007 |
| Due from other funds | 1,000 | 158,383 | - | 159,383 |
| Total assets | \$ 14,514,025 | \$ 281,992 | \$ 2,565,491 | \$ 17,361,508 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 163,328 | \$ 117,196 | \$ 280,524 |
| Due to other funds | 845 | 87,113 | - | 87,958 |
| Total liabilities | 845 | 250,441 | 117,196 | 368,482 |
| Deferred inflows of resources, unavailable revenue—property tax | 13,348,019 | - | - | 13,348,019 |
| Fund balances, restricted | 1,165,161 | 31,551 | 2,448,295 | 3,645,007 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 14,514,025 | \$ 281,992 | \$ 2,565,491 | \$ 17,361,508 |

Iowa City Community School District

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

| | Special Revenue | | Capital Projects | Total |
|---|------------------|------------------|--------------------------|-----------------------------|
| | Management | Student Activity | General Obligation Bonds | Nonmajor Governmental Funds |
| Revenues: | | | | |
| Local sources: | | | | |
| Local tax | \$ 5,225,217 | \$ - | \$ - | \$ 5,225,217 |
| Other | 55,128 | 3,943,343 | - | 3,998,471 |
| Interest | - | 1,481 | 32,100 | 33,581 |
| Total revenues | 5,280,345 | 3,944,824 | 32,100 | 9,257,269 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 1,263,255 | - | - | 1,263,255 |
| Other instruction | - | 3,783,962 | - | 3,783,962 |
| Support services: | | | | |
| Administration services | 1,125,822 | - | - | 1,125,822 |
| Operations and maintenance | 2,951,681 | 385 | - | 2,952,066 |
| Transportation services | - | 1,095,838 | - | 1,095,838 |
| | 5,340,758 | 4,880,185 | - | 10,220,943 |
| Capital outlay | - | - | 4,528,537 | 4,528,537 |
| Total expenditures | 5,340,758 | 4,880,185 | 4,528,537 | 14,749,480 |
| (Deficiency) of revenues over expenditures | (60,413) | (935,361) | (4,496,437) | (5,492,211) |
| Other financing sources, transfers in | - | 900,000 | - | 900,000 |
| Net change in fund balances | (60,413) | (35,361) | (4,496,437) | (4,592,211) |
| Fund balances, beginning of year | 1,225,574 | 66,912 | 6,944,732 | 8,237,218 |
| Fund balances, end of year | \$ 1,165,161 | \$ 31,551 | \$ 2,448,295 | \$ 3,645,007 |

Iowa City Community School District

Statistical Section Contents (Unaudited)

The statistical section of the District's annual comprehensive financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the District's overall financial health.

| Contents | Page |
|--|--------|
| Financial Trends | |
| These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time. | 73-87 |
| Revenue Capacity | |
| These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax (or sales tax). | 88-91 |
| Debt Capacity | |
| These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future. | 92-95 |
| Demographic and Economic Information | |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. | 96-97 |
| Operating Information | |
| These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. | 98-107 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year.

Iowa City Community School District

**Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

| | Fiscal Year | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2015 | 2016 | 2017 |
| Governmental activities: | | | | |
| Net investment in capital assets | \$ 144,275,207 | \$ 176,170,719 | \$ 203,709,702 | \$ 216,162,177 |
| Restricted | 34,835,478 | 18,444,336 | 36,650,711 | 14,880,016 |
| Unrestricted | 21,012,594 | (33,554,068) | (60,864,399) | (32,992,743) |
| Total governmental activities net position | \$ 200,123,279 | \$ 161,060,987 | \$ 179,496,014 | \$ 198,049,450 |
| Business-type activities: | | | | |
| Net investment in capital assets | \$ 528,075 | \$ 518,311 | \$ 528,403 | \$ 513,229 |
| Unassigned | 2,983,964 | 1,418,780 | 1,081,678 | 1,417,772 |
| Total business-type activities net position | \$ 3,512,039 | \$ 1,937,091 | \$ 1,610,081 | \$ 1,931,001 |
| Primary government: | | | | |
| Net investment in capital assets | \$ 144,803,282 | \$ 176,689,030 | \$ 204,238,105 | \$ 216,675,406 |
| Restricted | 34,835,478 | 18,444,336 | 36,650,711 | 14,880,016 |
| Unrestricted | 23,996,558 | (32,135,288) | (59,782,721) | (31,574,971) |
| Total primary government net position | \$ 203,635,318 | \$ 162,998,078 | \$ 181,106,095 | \$ 199,980,451 |

(1) Unrestricted net position declined significantly in fiscal year 2015 for both governmental and business-type activities due to the impact of GASB 68 compliance and a resulting impact of a new net pension liability of \$53,825,764 shared between governmental and business-type activities at \$52,732,793 and business-type activities at \$1,092,971.

(2) Unrestricted net position in fiscal year 2018 declined significantly for governmental activities due to the impact of GASB 75 compliance and a resulting impact of a new other postemployment benefit liability of \$9,070,319. Unrestricted net position also declined due to purchases of capital assets and issuance of debt in accordance with the District's master Plan.

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| | | (restated) | | | |
| \$ 232,565,407 | \$ 257,625,723 | \$ 223,786,832 | \$ 234,857,308 | \$ 242,903,354 | \$ 245,153,777 |
| 3,457,317 | 6,960,886 | 8,284,684 | 4,523,663 | 13,993,644 | 25,183,021 |
| (40,392,948) | (59,302,159) | (55,474,561) | (51,831,446) | (41,636,368) | (35,853,645) |
| \$ 195,629,776 | \$ 205,284,450 | \$ 176,596,955 | \$ 187,549,525 | \$ 215,260,630 | \$ 234,483,153 |
| \$ 543,571 | \$ 514,491 | \$ 452,368 | \$ 478,029 | \$ 461,153 | \$ 618,442 |
| 1,494,227 | 1,823,380 | 1,762,029 | 2,043,197 | 5,041,225 | 6,736,992 |
| \$ 2,037,798 | \$ 2,337,871 | \$ 2,214,397 | \$ 2,521,226 | \$ 5,502,378 | \$ 7,355,434 |
| \$ 233,108,978 | \$ 258,140,214 | \$ 224,239,200 | \$ 235,405,429 | \$ 243,364,507 | \$ 245,772,219 |
| 3,457,317 | 6,960,886 | 8,284,684 | 4,523,663 | 13,993,644 | 25,183,021 |
| (38,898,721) | (57,478,779) | (53,712,532) | (49,858,341) | (36,595,143) | (29,116,653) |
| \$ 197,667,574 | \$ 207,622,321 | \$ 178,811,352 | \$ 190,070,751 | \$ 220,763,008 | \$ 241,838,587 |

Iowa City Community School District

**Expenses, Program Revenues and Net (Expense) Revenue
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

| | Fiscal Year | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2014 | 2015 | 2016 | 2017 |
| Expenses: | | | | |
| Governmental activities: | | | | |
| Instruction | \$ 104,733,457 | \$ 100,335,876 | \$ 107,177,328 | \$ 113,110,337 |
| Support services: | | | | |
| Student services | 4,686,664 | 4,499,186 | 4,835,646 | 4,557,940 |
| Instructional services | 7,427,014 | 6,446,914 | 9,576,097 | 10,152,792 |
| Administration services | 12,506,153 | 12,221,714 | 13,741,415 | 15,461,765 |
| Operation and maintenance of plant | 15,423,524 | 14,800,540 | 15,242,048 | 16,342,729 |
| Pupil transportation services | 5,726,049 | 5,565,497 | 4,593,145 | 4,602,541 |
| Other, primarily AEA flowthrough | 5,224,132 | 5,585,294 | 5,689,143 | 5,941,833 |
| Noninstructional programs | 563,138 | 605,079 | 368,506 | 677,754 |
| Interest on long-term debt | 200,128 | 229,081 | 1,925,504 | 2,139,432 |
| Total governmental activities expenses | 156,490,259 | 150,289,181 | 163,148,832 | 172,987,123 |
| Business-type activities, nutrition | 5,491,953 | 5,822,005 | 6,189,701 | 6,036,498 |
| Total primary government expenses | \$ 161,982,212 | \$ 156,111,186 | \$ 169,338,533 | \$ 179,023,621 |
| Program revenues: | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| Instruction | \$ 2,071,749 | \$ 1,360,834 | \$ 1,013,403 | \$ 1,658,135 |
| Support services | 205,142 | 210,215 | 250,620 | 306,451 |
| Operating grants and contributions | 20,109,977 | 24,461,796 | 28,901,876 | 25,806,402 |
| Capital grants and contributions | 207,457 | 939,553 | 641,945 | 191,741 |
| Total governmental activities program revenues | 22,594,325 | 26,972,398 | 30,807,844 | 27,962,729 |
| Business-type activities: | | | | |
| Charges for services, nutrition | 2,260,342 | 2,320,574 | 2,357,084 | 2,626,442 |
| Operating grants and contributions | 2,929,125 | 3,212,336 | 3,498,804 | 3,722,874 |
| Total business-type program revenues | 5,189,467 | 5,532,910 | 5,855,888 | 6,349,316 |
| Total primary government program revenues | \$ 27,783,792 | \$ 32,505,308 | \$ 36,663,732 | \$ 34,312,045 |
| Net (expense) revenue: | | | | |
| Governmental activities | \$ (133,895,934) | \$ (129,078,091) | \$ (132,340,988) | \$ (145,024,394) |
| Business-type activities | (302,486) | (289,094) | (333,813) | 312,818 |
| Total primary government net expense | \$ (134,198,420) | \$ (129,367,185) | \$ (132,674,801) | \$ (144,711,576) |

| Fiscal Year | | | | | | |
|------------------|------------------|------------------|------------------|------------------|------------------|--|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| \$ 127,747,232 | \$ 132,870,361 | \$ 136,961,064 | \$ 150,028,116 | \$ 145,213,310 | \$ 158,580,085 | |
| 5,933,064 | 6,407,546 | 5,181,419 | 7,200,995 | 6,809,817 | 6,956,885 | |
| 11,199,206 | 11,538,206 | 11,124,732 | 12,106,312 | 11,422,676 | 13,464,461 | |
| 17,946,142 | 17,815,225 | 18,150,702 | 18,599,999 | 19,368,333 | 23,868,722 | |
| 18,877,434 | 19,415,295 | 20,185,313 | 21,217,816 | 21,007,817 | 22,349,234 | |
| 5,000,963 | 5,056,479 | 4,949,353 | 5,074,141 | 5,706,147 | 6,039,602 | |
| 6,197,252 | 6,599,916 | 6,943,996 | 6,829,103 | 6,897,343 | 7,167,693 | |
| 745,049 | 651,022 | 615,064 | 566,924 | 564,895 | 712,318 | |
| 3,831,530 | 5,200,637 | 8,116,117 | 7,731,553 | 7,198,852 | 8,493,148 | |
| 197,477,872 | 205,554,687 | 212,227,760 | 229,354,959 | 224,189,190 | 247,632,148 | |
| 6,481,988 | 6,575,441 | 6,747,139 | 5,770,183 | 7,122,873 | 7,809,181 | |
| \$ 203,959,860 | \$ 212,130,128 | \$ 218,974,899 | \$ 235,125,142 | \$ 231,312,063 | \$ 255,441,329 | |
| <hr/> | | | | | | |
| \$ 1,820,632 | \$ 2,045,298 | \$ 2,140,253 | \$ 1,997,428 | \$ 2,835,730 | \$ 2,610,668 | |
| 337,003 | 346,680 | 362,463 | 253,646 | 312,863 | 303,882 | |
| 26,877,570 | 27,383,727 | 26,865,019 | 33,587,992 | 42,848,684 | 48,064,630 | |
| 904,490 | 145,597 | 206,540 | 768,076 | 920,352 | 24,344 | |
| 29,939,695 | 29,921,302 | 29,574,275 | 36,607,142 | 46,917,629 | 51,003,524 | |
| <hr/> | | | | | | |
| 2,659,506 | 2,819,280 | 2,174,897 | 404,205 | 908,370 | 3,903,848 | |
| 3,912,283 | 4,021,884 | 4,416,802 | 5,467,733 | 9,188,778 | 5,646,825 | |
| 6,571,789 | 6,841,164 | 6,591,699 | 5,871,938 | 10,097,148 | 9,550,673 | |
| \$ 36,511,484 | \$ 36,762,466 | \$ 36,165,974 | \$ 42,479,080 | \$ 57,014,777 | \$ 60,554,197 | |
| <hr/> | | | | | | |
| \$ (167,538,177) | \$ (175,633,385) | \$ (182,653,485) | \$ (192,747,817) | \$ (177,271,561) | \$ (196,628,624) | |
| 89,801 | 265,723 | (155,440) | 101,755 | 2,974,275 | 1,741,492 | |
| \$ (167,448,376) | \$ (175,367,662) | \$ (182,808,925) | \$ (192,646,062) | \$ (174,297,286) | \$ (194,887,132) | |

Iowa City Community School District

**General Revenues and Total Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2014 | 2015 | 2016 | 2017 |
| Net (expense) revenue: | | | | |
| Governmental activities | \$ (133,895,934) | \$ (123,316,783) | \$ (132,340,988) | \$ (145,024,394) |
| Business-type activities | (302,486) | (289,094) | (333,813) | 312,818 |
| Total primary government net expense | (134,198,420) | (123,605,877) | (132,674,801) | (144,711,576) |
| General revenues and other changes in net position: | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property taxes levied for general purposes | 61,055,235 | 63,617,123 | 66,430,760 | 71,261,883 |
| Property taxes levied for capital projects | 8,705,266 | 9,151,358 | 9,287,340 | 9,999,172 |
| Property taxes levied debt service | 3,310,092 | 3,278,652 | 3,259,578 | 3,294,159 |
| Sales taxes provided for capital projects | 11,125,642 | 12,515,712 | 12,815,660 | 13,096,050 |
| Unrestricted grants and contributions | 52,004,652 | 56,396,516 | 57,802,551 | 64,814,688 |
| Investment earnings | 216,168 | 233,928 | 465,432 | 461,313 |
| Gain on sale of capital assets | 4,571 | - | - | - |
| Other | 3,673,548 | 1,462,366 | 714,694 | 850,565 |
| Transfers | - | - | - | - |
| Total governmental activities | 140,095,174 | 146,655,655 | 150,776,015 | 163,777,830 |
| Business-type activities: | | | | |
| Investment earnings | 10,127 | 7,509 | 6,803 | 8,102 |
| Transfers | - | - | - | - |
| | 10,127 | 7,509 | 6,803 | 8,102 |
| Total primary government | 140,105,301 | 146,663,164 | 150,782,818 | 163,785,932 |
| Change in net position: | | | | |
| Governmental activities | 6,199,240 | 23,338,872 | 18,235,027 | 18,753,436 |
| Business-type activities | (292,359) | (281,585) | (327,010) | 320,920 |
| Total primary government | \$ 5,906,881 | \$ 23,057,287 | \$ 17,908,017 | \$ 19,074,356 |

| Fiscal Year | | | | | |
|------------------|------------------|------------------|------------------|------------------|------------------|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| \$ (167,538,177) | \$ (175,633,385) | \$ (182,653,485) | \$ (192,747,817) | \$ (177,271,561) | \$ (196,628,624) |
| 89,801 | 265,723 | (155,440) | 101,755 | 2,974,275 | 1,741,492 |
| (167,448,376) | (175,367,662) | (182,808,925) | (192,646,062) | (174,297,286) | (194,887,132) |
| 74,276,771 | 76,056,596 | 80,866,263 | 85,449,986 | 85,177,891 | 89,328,434 |
| 10,428,235 | 10,939,315 | 11,202,835 | 12,318,185 | 12,499,711 | 13,028,464 |
| 3,301,317 | 12,808,824 | 9,718,090 | 13,187,465 | 12,921,108 | 12,633,569 |
| 13,165,538 | 14,300,041 | 14,810,601 | 16,197,824 | 17,548,220 | 17,286,867 |
| 65,993,465 | 67,212,823 | 69,240,057 | 72,359,885 | 71,705,543 | 78,202,001 |
| 1,379,124 | 2,782,746 | 2,062,291 | 754,505 | 183,078 | 3,364,138 |
| - | - | - | - | 1,079,733 | - |
| 1,621,865 | 1,187,714 | 1,242,837 | 3,632,537 | 3,867,382 | 2,007,674 |
| - | - | - | (200,000) | - | - |
| 170,166,315 | 185,288,059 | 189,142,974 | 203,700,387 | 204,982,666 | 215,851,147 |
| 16,996 | 34,350 | 31,966 | 5,074 | 6,877 | 111,564 |
| - | - | - | 200,000 | - | - |
| 16,996 | 34,350 | 31,966 | 205,074 | 6,877 | 111,564 |
| 170,183,311 | 185,322,409 | 189,174,940 | 203,905,461 | 204,989,543 | 215,962,711 |
| 2,628,138 | 9,654,674 | 6,489,489 | 10,952,570 | 27,711,105 | 19,222,523 |
| 106,797 | 300,073 | (123,474) | 306,829 | 2,981,152 | 1,853,056 |
| \$ 2,734,935 | \$ 9,954,747 | \$ 6,366,015 | \$ 11,259,399 | \$ 30,692,257 | \$ 21,075,579 |

Iowa City Community School District

**Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2014 | 2015 | 2016 | 2017 |
| General Fund: | | | | |
| Nonspendable | \$ 1,174,203 | \$ 1,095,801 | \$ 1,127,628 | \$ 1,251,954 |
| Restricted | 3,575,202 | 3,303,867 | 3,963,463 | 4,030,600 |
| Assigned | 877,237 | - | - | - |
| Unassigned | 8,112,212 | 11,544,614 | 15,339,260 | 18,550,551 |
| Total General Fund | \$ 13,738,854 | \$ 15,944,282 | \$ 20,430,351 | \$ 23,833,105 |
| All other governmental funds: | | | | |
| Nonspendable | \$ - | \$ 1,540 | \$ 1,310 | \$ 267,973 |
| Restricted | 31,288,237 | 16,413,698 | 34,191,190 | 12,713,261 |
| Total all other governmental funds | \$ 31,288,237 | \$ 16,415,238 | \$ 34,192,500 | \$ 12,981,234 |

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| \$ 1,395,556 | \$ 1,472,184 | \$ 1,552,575 | \$ 1,316,399 | \$ 1,738,981 | \$ 1,702,154 |
| 2,478,299 | 2,157,358 | 2,811,326 | 2,920,281 | 2,967,523 | 3,488,724 |
| - | - | - | - | - | - |
| 17,237,568 | 11,270,502 | 6,876,239 | 11,653,470 | 5,356,550 | 4,960,343 |
| \$ 21,111,423 | \$ 14,900,044 | \$ 11,240,140 | \$ 15,890,150 | \$ 10,063,054 | \$ 10,151,221 |
| \$ 137,692 | \$ 94,879 | \$ 97,485 | \$ 346,313 | \$ 131,652 | \$ 170,641 |
| 64,583,510 | 68,914,957 | 71,311,158 | 27,372,472 | 22,174,133 | 99,402,564 |
| \$ 64,721,202 | \$ 69,009,836 | \$ 71,408,643 | \$ 27,718,785 | \$ 22,305,785 | \$ 99,573,205 |

Iowa City Community School District

Governmental Funds Revenues

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

| | Fiscal Year | | | |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2015 | 2016 | 2017 |
| Federal sources, federal grants | \$ 5,861,754 | \$ 6,379,586 | \$ 6,580,460 | \$ 6,678,886 |
| State sources, state grants and other | 77,184,727 | 83,805,768 | 90,008,338 | 93,878,875 |
| Local sources: | | | | |
| Ad valorem taxes | 72,945,024 | 76,047,134 | 78,977,678 | 84,555,214 |
| Interest and other income | 125,569 | 124,419 | 407,023 | 363,541 |
| Other revenues | 7,022,831 | 7,812,866 | 6,153,188 | 6,111,910 |
| Total local sources | 80,093,424 | 83,984,419 | 85,537,889 | 91,030,665 |
| Total revenues | \$ 163,139,905 | \$ 174,169,773 | \$ 182,126,687 | \$ 191,588,426 |

| Fiscal Year | | | | | |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| \$ 7,321,701 | \$ 7,376,387 | \$ 6,786,477 | \$ 15,223,359 | \$ 24,567,224 | \$ 25,326,712 |
| 95,391,484 | 98,667,550 | 101,292,798 | 104,929,440 | 107,150,917 | 115,120,926 |
| 88,006,322 | 99,804,738 | 101,787,195 | 110,955,636 | 110,598,710 | 114,990,466 |
| 1,215,219 | 2,436,360 | 1,751,812 | 619,610 | 127,364 | 2,703,632 |
| 7,512,810 | 6,823,601 | 6,787,748 | 6,961,282 | 8,124,172 | 8,128,480 |
| 96,734,351 | 109,064,699 | 110,326,755 | 118,536,528 | 118,850,246 | 125,822,578 |
| \$ 199,447,536 | \$ 215,108,636 | \$ 218,406,030 | \$ 238,689,327 | \$ 250,568,387 | \$ 266,270,216 |

Iowa City Community School District

**Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

| | Fiscal Year | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2015 | 2016 | 2017 |
| Instruction | \$ 96,348,768 | \$ 100,113,327 | \$ 101,899,548 | \$ 109,549,193 |
| Pupil personnel services | 4,464,944 | 4,877,624 | 4,763,197 | 4,557,202 |
| Instruction and curriculum development services | 7,409,098 | 6,585,412 | 9,713,120 | 9,994,547 |
| School administration | 11,578,554 | 11,955,731 | 12,582,260 | 13,890,404 |
| Plant operation and maintenance | 13,580,269 | 13,229,990 | 13,092,362 | 14,138,848 |
| Pupil transportation services | 5,726,049 | 5,565,497 | 4,593,145 | 4,602,541 |
| AEA flowthrough | 5,193,678 | 5,551,884 | 5,654,082 | 5,906,772 |
| Community services | 542,712 | 623,877 | 385,765 | 669,560 |
| Noncapital facilities acquisition/construction | 4,401,635 | 947,459 | 2,188,919 | 745,028 |
| Capital outlay, facilities acquisition/construction | 19,092,591 | 42,850,527 | 59,615,069 | 57,975,011 |
| Debt service: | | | | |
| Principal | 2,885,000 | 3,735,000 | 7,775,000 | 7,235,000 |
| Interest | 417,400 | 422,161 | 2,325,183 | 2,817,832 |
| Bond issuance costs | - | - | - | - |
| Total expenditures | \$ 171,640,698 | \$ 196,458,489 | \$ 224,587,650 | \$ 232,081,938 |
| Debt service as a percentage of noncapital expenditures | 2.16% | 2.71% | 6.12% | 5.77% |

| Fiscal Year | | | | | | |
|-------------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| \$ | 116,166,464 | \$ 120,842,206 | \$ 123,917,779 | \$ 127,092,438 | \$ 142,111,967 | \$ 141,958,591 |
| | 5,263,475 | 5,877,007 | 5,896,997 | 6,838,597 | 7,477,882 | 7,129,885 |
| | 10,858,679 | 11,232,600 | 10,668,508 | 11,750,560 | 12,372,274 | 13,500,067 |
| | 15,398,662 | 16,040,462 | 16,231,105 | 16,051,020 | 19,500,426 | 22,054,252 |
| | 15,702,415 | 16,581,995 | 18,534,661 | 19,317,470 | 20,458,267 | 21,921,067 |
| | 5,000,963 | 5,056,479 | 4,945,842 | 5,071,888 | 5,713,553 | 6,031,751 |
| | 6,162,191 | 6,338,197 | 6,529,748 | 6,829,103 | 6,897,343 | 7,118,887 |
| | 729,280 | 636,469 | 590,548 | 551,427 | 614,856 | 695,671 |
| | 5,198,509 | 1,025,704 | 2,780,541 | 7,971,437 | 6,717,672 | 7,214,995 |
| | 47,648,288 | 79,812,987 | 77,886,985 | 51,075,562 | 16,893,963 | 41,014,460 |
| | 10,879,607 | 19,212,478 | 13,106,719 | 15,611,195 | 15,702,828 | 46,957,168 |
| | 4,423,206 | 5,710,654 | 9,600,172 | 9,478,750 | 8,835,597 | 10,042,415 |
| | - | 226,658 | 379,187 | - | - | 597,122 |
| \$ | 243,431,739 | \$ 288,593,896 | \$ 291,068,792 | \$ 277,639,447 | \$ 263,296,628 | \$ 326,236,331 |
| | 7.82% | 11.94% | 10.65% | 11.07% | 9.96% | 19.98% |

Iowa City Community School District

Other Financing Sources and Uses and Net Change in Fund Balance

Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

| | Fiscal Year | | | |
|--|-----------------------|------------------------|----------------------|------------------------|
| | 2014 | 2015 | 2016 | 2017 |
| Excess of revenues over (under) expenditures | \$ (8,500,793) | \$ (22,288,716) | \$ (42,460,963) | \$ (40,493,512) |
| Other financing sources (uses): | | | | |
| General long-term debt issued | \$ - | \$ 9,430,000 | \$ 60,030,000 | \$ 21,185,000 |
| Premium on bond issuance | - | 191,145 | 4,694,294 | - |
| Discount on bond issuance | - | - | - | - |
| Other, including sale of capital assets | 7,621 | - | - | - |
| Lease financing | - | - | - | 1,500,000 |
| Transfers in | 182,000 | 1,056,061 | 6,729,315 | 8,937,632 |
| Transfers out | (182,000) | (1,056,061) | (6,729,315) | (8,937,632) |
| Total other financing sources (uses) | 7,621 | 9,621,145 | 64,724,294 | 22,685,000 |
| Net change in fund balances | \$ (8,493,172) | \$ (12,667,571) | \$ 22,263,331 | \$ (17,808,512) |

| Fiscal Year | | | | | |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| \$ (43,984,203) | \$ (73,485,260) | \$ (72,662,762) | \$ (39,156,855) | \$ (12,728,241) | \$ (59,966,115) |
| \$ 89,240,000 | \$ 66,645,000 | \$ 65,925,000 | \$ - | \$ - | \$ 137,285,000 |
| 3,491,252 | 4,917,515 | 5,476,665 | - | - | - |
| (73,328) | - | - | - | - | - |
| 344,565 | - | - | 25,000 | 1,225,000 | - |
| - | - | - | - | 263,145 | 36,702 |
| 13,214,213 | 12,383,653 | 12,433,164 | 14,885,609 | 13,999,790 | 45,242,961 |
| (13,214,213) | (12,383,653) | (12,433,164) | (15,085,609) | (13,999,790) | (45,242,961) |
| 93,002,489 | 71,562,515 | 71,401,665 | (175,000) | 1,488,145 | 137,321,702 |
| \$ 49,018,286 | \$ (1,922,745) | \$ (1,261,097) | \$ (39,331,855) | \$ (11,240,096) | \$ 77,355,587 |

Iowa City Community School District

**Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

| Fiscal Year | Actual Value | | | Total Actual Value | Total Taxable Value | Total Direct Rate |
|-------------|-----------------------|----------------------|---------------------------------|-----------------------|----------------------|-------------------|
| | Residential Property | Commercial Property | Agricultural and Other Property | | | |
| 2014 | \$ 6,560,418,660 | \$ 2,080,459,785 | \$ 180,298,716 | \$ 8,821,177,161 | \$ 5,200,640,964 | \$ 13.688 |
| 2015 | 7,083,834,010 | 2,025,642,591 | 189,592,895 | 9,299,069,496 | 5,471,006,291 | 13.700 |
| 2016 | 7,287,199,580 | 2,082,744,148 | 187,200,825 | 9,557,144,553 | 5,600,477,037 | 13.868 |
| 2017 | 7,777,625,340 | 2,364,423,414 | 85,321,327 | 10,227,370,081 | 5,978,490,538 | 13.989 |
| 2018 | 8,017,837,490 | 2,443,440,521 | 76,091,940 | 10,537,369,951 | 6,229,388,162 | 13.958 |
| 2019 | 8,828,930,000 | 2,610,622,092 | 55,837,000 | 11,495,389,092 | 6,543,211,455 | 14.856 |
| 2020 | 9,062,196,590 | 2,628,441,760 | 55,769,080 | 11,754,025,547 | 6,883,478,180 | 14.791 |
| 2021 | 9,535,070,001 | 2,435,639,195 | 55,556,660 | 12,026,265,856 | 7,248,667,366 | 14.839 |
| 2022 | 9,535,307,672 | 2,948,624,063 | 55,555,020 | 12,539,486,755 | 7,489,730,688 | 14.851 |
| 2023 | 10,412,682,190 | 2,339,795,717 | 56,287,770 | 12,805,030,133 | 7,563,713,510 | 14.930 |

Source: Johnson County Auditor.

Note: The actual values are determined as of January 1, of the fiscal year indicated. These actual values are used to calculate the taxable values for the second budget following assessment date. For example, the total actual value of \$10,537,369,951 from January 1, 2018 are used for the taxable values for fiscal year 2020.

* Utility and gas and electric valuations are not included for 2020 as they have not been certified by the Department of Revenue

Iowa City Community School District

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

(Unaudited)

| Fiscal Year Ended June 30 | District Direct Rates | | | | Overlapping Rates | | | | |
|------------------------------------|-----------------------|--------------|--------------|---------------|-------------------|---------------|--------------|--------------|--|
| | General | Capital | Debt Service | Total | County | City of | Area | Other | |
| | Purposes | Purposes | Purposes | | | Iowa City | School | | |
| 2014 | 11.383 | \$ 1.670 | \$ 0.635 | \$ 13.688 | \$ 6.737 | \$ 16.805 | \$ 1.065 | \$ 0.344 | |
| 2015 | 11.432 | 1.670 | 0.598 | 13.700 | 6.742 | 16.705 | 1.058 | 0.323 | |
| 2016 | 11.612 | 1.670 | 0.586 | 13.868 | 6.903 | 16.651 | 1.061 | 0.328 | |
| 2017 | 11.771 | 1.670 | 0.550 | 13.991 | 6.771 | 16.583 | 1.080 | 0.324 | |
| 2018 | 11.760 | 1.670 | 0.529 | 13.959 | 6.851 | 16.333 | 1.132 | 0.330 | |
| 2019 | 11.231 | 1.670 | 1.955 | 14.856 | 6.536 | 16.183 | 1.203 | 0.306 | |
| 2020 | 11.672 | 1.670 | 1.449 | 14.791 | 6.493 | 15.833 | 1.213 | 0.271 | |
| 2021 | 11.381 | 1.670 | 1.788 | 14.839 | 6.346 | 15.773 | 1.257 | 0.331 | |
| 2022 | 11.455 | 1.670 | 1.726 | 14.851 | 6.168 | 15.673 | 1.312 | 0.327 | |
| 2023 | 11.542 | 1.670 | 1.722 | 14.934 | 6.041 | 15.633 | 1.345 | 0.307 | |

Source: Johnson County Auditor and Iowa Department of Management.

Iowa City Community School District

**Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)**

| Taxpayer | 2023 | | | 2014 | | |
|--|--------------------------|------|-----------------------------------|----------------------|------|-----------------------------------|
| | Taxable Value | Rank | Percentage of Total Taxable Value | Taxable Value | Rank | Percentage of Total Taxable Value |
| Coral Ridge Mall LLC | \$ 94,837,100 | 1 | 0.94% | \$ 150,995,123 | 1 | 2.54% |
| Rise at Riverfront Landing | 55,376,050 | 2 | 0.55% | - | - | - |
| BBCS Hawkeye Housing LLC | 50,708,760 | 3 | 0.50% | - | - | - |
| Latitude at Iowa River Landing | 48,789,300 | 4 | 0.48% | - | - | - |
| Tailwind Iowa City LLC | 43,517,480 | 5 | 0.43% | - | - | - |
| Paradigm Properties LLC | 40,989,138 | 6 | 0.40% | - | - | - |
| 808 on 5th Street | 38,422,900 | 7 | 0.38% | - | - | - |
| Greenstate Credit Union (Formerly UICCU) | 35,702,260 | 8 | 0.35% | 52,139,719 | 3 | 0.88% |
| City of Coralville | 35,394,800 | 9 | 0.35% | 48,389,324 | 4 | 0.81% |
| ACT | 34,285,720 | 10 | 0.34% | 46,720,378 | 5 | 0.79% |
| Mid American Energy Co | - | - | - | 82,187,506 | 2 | 1.38% |
| TKG Coral North | - | - | - | 30,245,910 | 6 | 0.51% |
| Wal-Mart Real Estate Business | - | - | - | 26,224,899 | 7 | 0.44% |
| Cedar Rapids & Iowa City Railroad | - | - | - | 25,608,880 | 8 | 0.43% |
| Holingsworth Capital Partners-Iowa LLC | - | - | - | 21,992,339 | 9 | 0.37% |
| Bankers Commercial Corporation | - | - | - | 19,360,385 | 10 | 0.33% |
| All other taxpayers | 9,647,706,386 | - | - | 5,437,538,099 | - | - |
| Total | \$ 10,125,729,894 | | | 5,941,402,562 | | |

Source: Johnson County Auditor.

Iowa City Community School District

**Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)**

| Fiscal Year | Taxes Levied for the Fiscal Year | Collected Within the Fiscal Year of the Levy | | Delinquent Tax Collections ¹ | Total Collections to Date | |
|-------------|----------------------------------|--|--------------------|---|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2014 | \$ 65,648,860 | \$ 65,594,662 | 99.92% | \$ - | \$ 65,594,662 | 99.92% |
| 2015 | 68,524,114 | 69,442,154 | 101.34 | 3,060 | 69,445,214 | 101.34 |
| 2016 | 71,037,013 | 71,874,564 | 101.18 | - | 71,874,564 | 101.18 |
| 2017 | 77,594,186 | 77,537,625 | 99.93 | 769 | 77,538,394 | 99.93 |
| 2018 | 80,680,381 | 80,666,569 | 99.98 | 20,410 | 80,686,979 | 100.01 |
| 2019 | 92,349,637 | 92,238,102 | 99.88 | 7,644 | 92,245,746 | 99.89 |
| 2020 | 95,100,386 | 93,272,953 | 98.08 | 1,017 | 93,273,970 | 98.08 |
| 2021 | 101,481,415 | 101,453,919 | 99.97 | 1,531,519 | 102,985,438 | 101.48 |
| 2022 | 104,227,094 | 104,008,811 | 99.79 | 8,507 | 104,017,318 | 99.80 |
| 2023 | 114,112,142 | 113,855,882 | 99.78 | 11,417 | 113,867,299 | 99.78 |

Source: Johnson County Auditor and District records.

¹ Delinquent tax collection is presented by collection year, rather than levy year, because information is not available from Johnson County Treasurer by levy year.

Iowa City Community School District

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | General Obligation Bonds Outstanding | Percent of Actual Taxable Value of Property | Per Capita | Other Governmental Activities Debt | |
|-------------|--------------------------------------|---|-----------------|------------------------------------|-------------------------|
| | | | | Capital Loan Notes | Sales Tax Revenue Bonds |
| 2014 | \$ 12,874,476 | 0.24% | \$ 111.64 | \$ - | \$ - |
| 2015 | 9,866,080 | 0.18 | 89.69 | 8,630,000 | - |
| 2016 | 6,633,240 | 0.12 | 60.30 | 7,830,000 | 60,352,252 |
| 2017 | 3,370,969 | 0.06 | 29.57 | 7,015,000 | 77,642,502 |
| 2018 | 62,266,534 | 0.95 | 541.45 | 6,190,000 | 100,898,395 |
| 2019 | 122,977,663 | 1.78 | 1,068.18 | 5,355,000 | 92,859,513 |
| 2020 | 189,311,326 | 2.61 | 1,642.44 | 4,510,000 | 84,601,408 |
| 2021 | 181,717,043 | 2.43 | 1,453.74 | 3,645,000 | 76,101,343 |
| 2022 | 173,899,653 | 2.31 | 1,391.20 | 2,765,000 | 67,491,711 |
| 2023 | 165,527,068 | 1.34 | 1,324.22 | 1,865,000 | 164,695,000 |

| | Lease and Subscription Based Liabilities | Total Primary Government | Percentage of Personal Income | Per Capita |
|-------------|--|--------------------------|-------------------------------|-----------------|
| | | | | |
| 2015 | - | 18,496,080 | * | 168.14 |
| 2016 | - | 74,815,492 | * | 680.12 |
| 2017 | - | 88,028,471 | * | 772.18 |
| 2018 | - | 169,354,929 | * | 1,472.66 |
| 2019 | 752,914 | 221,945,090 | * | 1,927.81 |
| 2020 | 381,196 | 278,803,930 | * | 2,421.68 |
| 2021 | - | 261,463,386 | * | 2,091.71 |
| 2022 | 250,317 | 244,406,681 | * | 1,955.25 |
| 2023 | 229,851 | 332,316,919 | * | 2,658.54 |

Source: District records

* Information not available

Iowa City Community School District

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2023
(Unaudited)**

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable* | Estimated Share of Direct and Overlapping Debt |
|--|---------------------|--|--|
| City of Iowa City | \$ 43,810,000 | 100.00% | \$ 43,810,000 |
| City of Coralville | 262,249,686 | 100.00% | 262,249,686 |
| City of North Liberty | 31,700,000 | 100.00% | 31,700,000 |
| City of Hills | 519,000 | 100.00% | 519,000 |
| Kirkwood Community College | 124,495,000 | 34.18% | 42,552,391 |
| Johnson County | 8,573,000 | 100.00% | 8,573,000 |
| City of University Heights | 1,960,000 | 100.00% | 1,960,000 |
| Subtotal, overlapping debt | | | 391,364,077 |
| District direct debt | | | 332,316,919 |
| Total direct and overlapping debt | | | \$ 723,680,996 |

Source: Johnson County Auditor

* Estimate is based upon overlapping total assessed value and assessed value within Iowa City Community School District boundaries.

Iowa City Community School District

**Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)**

| | 2014 | 2015 | 2016 | 2017 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt limit | \$ 407,474,411 | \$ 427,415,753 | \$ 441,058,858 | \$ 477,857,228 |
| Total net debt applicable to limit | 12,280,000 | 9,345,000 | 6,320,000 | 10,220,000 |
| Legal debt margin | <u>\$ 395,194,411</u> | <u>\$ 418,070,753</u> | <u>\$ 434,738,858</u> | <u>\$ 467,637,228</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 3.01% | 2.19% | 1.43% | 2.13% |

Source: Johnson County Auditor and District records.

Legal Debt Margin Calculation for Fiscal Year 2023

| | |
|-----------------------------------|---------------------------------|
| Assessed value—2021 valuation | <u>\$ 12,543,429,315</u> |
| Debt limit (5% of assessed value) | \$ 627,171,466 |
| Debt applicable to limit | <u>158,680,000</u> |
| Legal debt margin | <u>\$ 468,491,466</u> |

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----|-------------|----------------|----------------|----------------|----------------|----------------|
| \$ | 487,929,188 | \$ 521,359,947 | \$ 538,676,107 | \$ 587,489,136 | \$ 601,105,035 | \$ 627,171,466 |
| | 65,145,000 | 120,450,000 | 181,415,000 | 174,250,000 | 166,785,000 | 158,680,000 |
| \$ | 422,784,188 | \$ 400,909,947 | \$ 357,261,107 | \$ 413,239,136 | \$ 434,320,035 | \$ 468,491,466 |

| | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| | 13.35% | 23.10% | 33.68% | 29.66% | 27.75% | 25.30% |
|--|--------|--------|--------|--------|--------|--------|

Iowa City Community School District

**Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)**

| Calendar Year | Iowa City Population | Total District Population (approximate) | Personal Income (000's) (Johnson County) | Per Capita Personal Income (Johnson County) | Iowa City MSA Unemployment Rate |
|---------------|----------------------|--|---|--|---------------------------------|
| 2014 | 67,862 | 110,000 | * | * | 2.50 |
| 2015 | 67,862 | 110,000 | * | * | 3.30 |
| 2016 | 67,862 | 114,000 | * | * | 2.80 |
| 2017 | 67,862 | 115,000 | * | * | 2.00 |
| 2018 | 67,862 | 115,000 | * | * | 2.10 |
| 2019 | 67,662 | 115,000 | * | * | 5.80 |
| 2020 | 74,828 | 125,000 | * | * | 4.80 |
| 2021 | 74,828 | 125,000 | * | * | 3.80 |
| 2022 | 74,828 | 125,000 | * | * | 2.50 |
| 2023 | 74,828 | 125,000 | * | * | 2.60 |

* Information not available

Source: City of Iowa City and Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce, Iowa Workforce Development (August 2022) and Johnson County Auditor.

Iowa City Community School District

**Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

| Employer | 2023 | | | 2014 | | |
|-------------------------------------|---------------|------|--------------------------------|---------------|------|--------------------------------|
| | Employees | Rank | Percentage of Total Employment | Employees | Rank | Percentage of Total Employment |
| The University of Iowa | 24,500 | 1 | 25.34 | 30,804 | 1 | 31.15 |
| Iowa City Community School District | 2,000 | 2 | 2.07 | 1,700 | 3 | 1.72 |
| Veterans Health Administration | 2,000 | 3 | 2.07 | 1,562 | 3 | 1.58 |
| Procter and Gamble | 1,300 | 4 | 1.34 | - | - | - |
| Mercy Hospital | 1,300 | 5 | 1.34 | 1,187 | 5 | 1.2 |
| ACT Inc. | 985 | 6 | 1.02 | 1,181 | 6 | 1.19 |
| City of Iowa City | 812 | 7 | 0.84 | 1,087 | 8 | 1.1 |
| NCS Pearson | 800 | 8 | 0.83 | 1,200 | 4 | 1.21 |
| Goodwill of the Heartland | 638 | 9 | 0.66 | - | - | - |
| Amazon | 450 | 10 | 0.47 | - | - | - |
| System Unlimited | - | - | - | 890 | 9 | - |
| Hy-Vee | - | - | - | 1,166 | 7 | 1.18 |
| International Automotive Components | - | - | - | 785 | 10 | 0.79 |
| All other employers | 61,915 | - | - | 57,338 | - | - |
| Total | 96,700 | | 35.98 | 98,900 | | 41.12 |

Source: City of Iowa City 2023 Annual Comprehensive Financial Report

Iowa City Community School District

**Full-Time Equivalent District Employees By Type
Last Ten Fiscal Years
(Unaudited)**

| | Full-Time Equivalent Employees as of June 30 | | | |
|---|--|-----------------|-----------------|-----------------|
| | 2014 | 2015 | 2016 | 2017 |
| Supervisory: | | | | |
| Instructional administrators | 1.00 | 1.00 | 2.00 | 2.00 |
| Noninstructional administrators | 17.20 | 16.50 | 14.50 | 18.00 |
| Athletic/activity directors | 2.50 | 2.50 | 2.50 | 2.50 |
| Principals | 23.50 | 23.50 | 24.50 | 26.00 |
| Assistant principals | 7.50 | 6.50 | 7.00 | 7.00 |
| Total supervisory | 51.70 | 50.00 | 50.50 | 55.50 |
| Instruction: | | | | |
| Elementary classroom teachers | 390.44 | 384.64 | 403.48 | 415.62 |
| Secondary classroom teachers | 267.56 | 255.64 | 265.83 | 261.32 |
| Other classroom teachers | 229.12 | 235.97 | 243.38 | 245.09 |
| Paraprofessionals | 382.12 | 383.96 | 362.71 | 375.10 |
| Total instruction | 1,269.24 | 1,260.21 | 1,275.40 | 1,297.13 |
| Student services: | | | | |
| Guidance counselors | 33.40 | 29.72 | 27.79 | 27.50 |
| Media specialists | 27.00 | 26.00 | 25.80 | 25.80 |
| Other professionals (noninstructional) | 39.00 | 39.00 | 45.00 | 44.00 |
| Consultants/supervisory | 8.70 | 9.76 | 8.50 | 43.40 |
| Total student services | 108.10 | 104.48 | 107.09 | 140.70 |
| Support and administration: | | | | |
| Clerical/secretarial | 122.00 | 122.00 | 124.00 | 115.00 |
| Food service workers | 78.63 | 73.00 | 84.33 | 90.25 |
| Physical plant | 123.75 | 130.06 | 124.44 | 127.37 |
| Other | 15.00 | 18.00 | 20.00 | 18.00 |
| Total support and administration | 339.38 | 343.06 | 352.77 | 350.62 |
| Total | 1,768.42 | 1,757.75 | 1,785.76 | 1,843.95 |

Source: District records

| Full-Time Equivalent Employees as of June 30 | | | | | | Percentage Change 2014 - 2023 |
|--|----------|----------|----------|----------|-----------------|-------------------------------------|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 100.00% |
| 17.00 | 17.30 | 18.00 | 18.00 | 16.00 | 12.00 | -30.23% |
| 3.50 | 3.50 | 3.00 | 3.00 | 3.00 | 2.92 | 16.80% |
| 27.00 | 28.00 | 27.00 | 28.00 | 29.00 | 30.00 | 27.66% |
| 9.00 | 12.00 | 12.00 | 10.00 | 11.00 | 11.00 | 46.67% |
| 58.50 | 62.80 | 62.00 | 61.00 | 61.00 | 57.92 | 12.03% |
| 435.26 | 438.48 | 409.98 | 408.69 | 415.54 | 518.86 | 32.89% |
| 281.24 | 284.94 | 279.18 | 307.28 | 342.02 | 375.43 | 40.32% |
| 251.75 | 281.39 | 275.81 | 303.87 | 355.51 | 229.53 | 0.18% |
| 438.05 | 469.53 | 520.66 | 502.94 | 534.58 | 463.35 | 21.26% |
| 1,406.30 | 1,474.34 | 1,485.63 | 1,522.78 | 1,647.65 | 1,587.17 | 25.05% |
| 31.80 | 34.30 | 34.90 | 34.90 | 38.25 | 38.96 | 16.65% |
| 27.75 | 28.50 | 25.65 | 26.35 | 27.00 | 25.94 | -3.93% |
| 46.25 | 49.19 | 52.92 | 57.35 | 63.33 | 230.96 | 492.21% |
| 47.06 | 45.28 | 44.54 | 66.25 | 56.38 | 83.20 | 856.32% |
| 152.86 | 157.27 | 158.01 | 184.85 | 184.96 | 379.06 | 250.66% |
| 122.97 | 133.63 | 130.56 | 123.19 | 122.47 | 121.16 | -0.69% |
| 102.29 | 102.75 | 105.46 | 106.08 | 94.29 | 63.67 | -19.03% |
| 138.25 | 145.25 | 152.69 | 164.44 | 167.37 | 157.00 | 26.87% |
| 24.00 | 27.00 | 29.00 | 37.00 | 47.31 | 19.00 | 26.67% |
| 387.51 | 408.63 | 417.71 | 430.71 | 431.44 | 360.83 | 6.32% |
| 2,005.17 | 2,103.04 | 2,123.35 | 2,199.34 | 2,325.05 | 2,384.98 | 34.87% |

Iowa City Community School District

Operating Statistics Last Ten Fiscal Years (Unaudited)

| Fiscal Year | Official Enrollment | Operating Expenses | Cost Per Pupil | Percentage Change |
|-------------|---------------------|--------------------|----------------|-------------------|
| 2014 | 13,159 | \$ 156,290,131 | \$ 11,877 | 123.00% |
| 2015 | 13,328 | 150,289,181 | 11,276 | (5.06) |
| 2016 | 13,671 | 163,148,832 | 11,934 | 5.83 |
| 2017 | 13,982 | 170,847,691 | 12,219 | 2.39 |
| 2018 | 14,198 | 193,646,342 | 13,639 | 11.62 |
| 2019 | 14,285 | 200,092,331 | 14,007 | 2.70 |
| 2020 | 14,572 | 206,821,197 | 14,193 | 1.33 |
| 2021 | 14,284 | 221,658,467 | 15,518 | 9.33 |
| 2022 | 14,395 | 217,025,399 | 15,076 | (2.85) |
| 2023 | 14,440 | 239,139,000 | 16,561 | 0.10 |

Source: District records

Note: Operating expenditures represents governmental activity expenditures less interest on long-term debt. Expenses represent business-type activity expenses, which includes the District's School Nutrition Fund.

| Expenses | Cost Per Pupil | Percentage Change | Teaching Staff (in FTE) | Pupil-Teacher Ratio | Percentage of Students Receiving Free or Reduced-Priced Meals |
|------------------|----------------|-------------------|----------------------------|------------------------|---|
| \$ 5,507,940 | \$ 419 | 11.14% | 887.12 | 14.83 | 35.06% |
| 5,822,005 | 437 | 4.29 | 876.25 | 15.21 | 33.74 |
| 6,189,701 | 453 | 3.67 | 912.69 | 14.98 | 35.73 |
| 6,036,498 | 432 | (4.63) | 922.03 | 15.16 | 36.80 |
| 6,481,988 | 456 | 5.55 | 968.25 | 14.66 | 35.50 |
| 6,575,441 | 460 | 0.01 | 1004.81 | 14.22 | 38.10 |
| 6,747,139 | 463 | 0.01 | 964.97 | 15.10 | 37.70 |
| 5,770,183 | 404 | (12.74) | 1019.84 | 14.01 | 36.70 |
| 7,122,873 | 495 | 22.52 | 1113.07 | 12.93 | 39.10 |
| 7,809,181 | 472 | (0.05) | 1129.76 | 12.78 | 39.80 |

Iowa City Community School District

**School Building Information (Continued)
Last Ten Fiscal Years
(Unaudited)**

| School | Fiscal Year | | | |
|---|-------------|--------|--------|--------|
| | 2014 | 2015 | 2016 | 2017 |
| Elementary: | | | | |
| Coralville Central Elementary (1948,1959) | | | | |
| Square feet | 52,967 | 52,967 | 52,967 | 52,967 |
| Capacity | 506 | 506 | 506 | 506 |
| Enrollment | 426 | 40 | 422 | 439 |
| Samuel Kirkwood Elementary (1963,1968,1987) | | | | |
| Square feet | 48,045 | 48,045 | 48,045 | 48,045 |
| Capacity | 437 | 437 | 437 | 437 |
| Enrollment | 378 | 363 | 314 | 343 |
| Herbert Hoover Elementary (2017)** | | | | |
| Square feet | 36,643 | 36,643 | 36,643 | 36,643 |
| Capacity | 437 | 437 | 437 | 437 |
| Enrollment | 325 | 311 | 272 | 261 |
| Hills Elementary (1965, 1969) | | | | |
| Square feet | 24,449 | 24,449 | 24,449 | 24,449 |
| Capacity | 276 | 276 | 276 | 276 |
| Enrollment | 100 | 111 | 184 | 199 |
| Ernest Horn Elementary (1969, 1978, 2011) | | | | |
| Square feet | 50,603 | 50,603 | 50,603 | 50,603 |
| Capacity | 506 | 506 | 506 | 506 |
| Enrollment | 464 | 493 | 500 | 480 |
| Helen Lemme Elementary (1970, 1975, 1998) | | | | |
| Square feet | 36,293 | 36,293 | 36,293 | 36,293 |
| Capacity | 368 | 368 | 368 | 368 |
| Enrollment | 399 | 407 | 395 | 377 |
| Lincoln Elementary (1926, 1988) | | | | |
| Square feet | 25,832 | 25,832 | 25,832 | 25,832 |
| Capacity | 253 | 253 | 253 | 253 |
| Enrollment | 239 | 237 | 239 | 227 |
| Longfellow Elementary (1917) | | | | |
| Square feet | 30,148 | 30,148 | 30,148 | 30,148 |
| Capacity | 391 | 391 | 391 | 391 |
| Enrollment | 322 | 329 | 338 | 336 |
| Robert Lucas Elementary (1962, 1978, 1990) | | | | |
| Square feet | 42,080 | 42,080 | 42,080 | 42,080 |
| Capacity | 506 | 506 | 506 | 506 |
| Enrollment | 424 | 405 | 442 | 442 |
| Horace Mann Elementary (1917) | | | | |
| Square feet | 29,360 | 29,360 | 29,360 | 29,360 |
| Capacity | 345 | 345 | 345 | 345 |
| Enrollment | 245 | 223 | 222 | 242 |
| Penn Elementary (1961, 1985, 1995) | | | | |
| Square feet | 38,838 | 38,838 | 38,838 | 38,838 |
| Capacity | 460 | 460 | 460 | 460 |
| Enrollment | 524 | 530 | 552 | 576 |

** The District constructed a new school building but transferred the same name to the new building in 2017

(Continued)

| Fiscal Year | | | | | | |
|-------------|--------|--------|--------|--------|------------|--|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| 52,967 | 52,967 | 53,287 | 53,287 | 53,287 | 53,287 | |
| 420 | 420 | 420 | 420 | 420 | 420 | |
| 431 | 429 | 452 | 470 | 435 | 483 | |
| 48,045 | 48,045 | 51,764 | 51,764 | 51,764 | 51,764 | |
| 468 | 468 | 468 | 468 | 468 | 468 | |
| 324 | 350 | 280 | 270 | 243 | 278 | |
| 67,388 | 67,388 | 67,388 | 67,388 | 67,388 | 67,388 | |
| 575 | 575 | 575 | 575 | 575 | 575 | |
| 256 | 261 | 420 | 438 | 437 | 511 | |
| 24,449 | 24,449 | 24,565 | 24,565 | 24,565 | 24,565 | |
| 200 | 200 | 200 | 200 | 200 | 200 | |
| 198 | 188 | 175 | 162 | 150 | 151 | |
| 50,603 | 50,603 | 50,179 | 50,179 | 50,179 | 50,179 | |
| 468 | 468 | 468 | 468 | 468 | 468 | |
| 413 | 394 | 440 | 423 | 424 | 448 | |
| 36,293 | 36,293 | 36,878 | 36,878 | 36,878 | 36,878 | |
| 420 | 420 | 420 | 420 | 420 | 420 | |
| 376 | 397 | 369 | 357 | 372 | 399 | |
| 25,832 | 25,832 | 43,908 | 43,908 | 43,908 | 43,908 | |
| 253 | 240 | 240 | 240 | 240 | 240 | |
| 228 | 214 | 240 | 229 | 205 | 223 | |
| 30,148 | 30,148 | 63,554 | 63,554 | 63,554 | 63,554 | |
| 360 | 360 | 360 | 360 | 360 | 360 | |
| 304 | 341 | 403 | 405 | 372 | 403 | |
| 42,080 | 42,080 | 46,342 | 46,342 | 46,342 | 46,342 | |
| 410 | 410 | 410 | 410 | 410 | 410 | |
| 455 | 455 | 335 | 293 | 271 | 288 | |
| 29,360 | 29,360 | 51,619 | 51,619 | 51,619 | 51,619 | |
| 345 | 242 | 242 | 242 | 242 | 242 | |
| 223 | 218 | 242 | 236 | 212 | 222 | |
| 38,838 | 38,838 | 75,232 | 75,232 | 75,232 | 75,232 | |
| 460 | 633 | 633 | 633 | 633 | 633 | |
| 636 | 616 | 494 | 495 | 488 | 565 | |

Iowa City Community School District

School Building Information (Continued)
 Last Ten Fiscal Years
 (Unaudited)

| School | Fiscal Year | | | |
|--|-------------|---------|-----------|---------|
| | 2014 | 2015 | 2016 | 2017 |
| Elementary: | | | | |
| Theodore Roosevelt Elementary (1931, 1961) * | | | | |
| Square feet | 29,008 | 29,008 | 29,008 | 29,008 |
| Capacity | 264 | 264 | 264 | 264 |
| Enrollment | 40 | 40 | 40 | 40 |
| Bouhmil Shimek Elementary (1970, 1991) | | | | |
| Square feet | 28,130 | 28,130 | 28,130 | 28,130 |
| Capacity | 276 | 276 | 276 | 276 |
| Enrollment | 215 | 210 | 212 | 215 |
| Mark Twain Elementary (1954, 1961) | | | | |
| Square feet | 40,204 | 40,204 | 40,204 | 40,204 |
| Capacity | 460 | 460 | 460 | 460 |
| Enrollment | 323 | 378 | 262 | 311 |
| Irving Weber Elementary (1993, 2001) | | | | |
| Square feet | 48,400 | 48,400 | 48,400 | 48,400 |
| Capacity | 506 | 506 | 506 | 506 |
| Enrollment | 492 | 490 | 422 | 425 |
| Grant Wood Elementary (1969, 1993, 2006) | | | | |
| Square feet | 59,890 | 59,890 | 59,890 | 59,890 |
| Capacity | 575 | 575 | 575 | 575 |
| Enrollment | 525 | 511 | 360 | 305 |
| Kate Wickham Elementary (1997) | | | | |
| Square feet | 56,049 | 56,049 | 56,049 | 56,049 |
| Capacity | 506 | 506 | 506 | 506 |
| Enrollment | 482 | 503 | 529 | 513 |
| James Van Allen Elementary (2005) | | | | |
| Square feet | 61,081 | 61,081 | 61,081 | 61,081 |
| Capacity | 552 | 552 | 552 | 552 |
| Enrollment | 500 | 507 | 524 | 501 |
| Buford Gamer Elementary (2010) | | | | |
| Square feet | 63,815 | 63,815 | 63,815 | 63,815 |
| Capacity | 529 | 529 | 529 | 529 |
| Enrollment | 539 | 581 | 609 | 619 |
| Norman Borlaug Elementary (2012) | | | | |
| Square feet | 67,029 | 67,029 | 67,029 | 67,029 |
| Capacity | 552 | 552 | 552 | 552 |
| Enrollment | 382 | 403 | 431 | 431 |
| Alexander Elementary (2015) | | | | |
| Square feet | - | - | 67,714.00 | 67,714 |
| Capacity | - | - | 500.00 | 500 |
| Enrollment | - | - | 348.00 | 407 |
| Christine Grant Elementary (2019) | | | | |
| Square feet | - | - | - | - |
| Capacity | - | - | - | - |
| Enrollment | - | - | - | - |
| Junior High: | | | | |
| Northwest Junior High School (1971, 1995) | | | | |
| Square feet | 124,436 | 124,436 | 124,436 | 124,436 |
| Capacity | 875 | 875 | 875 | 875 |
| Enrollment | 679 | 641 | 628 | 652 |

* During fiscal year 2013, the District changed the name of this school to Theodore Roosevelt Education Center and was serving students for various programs in this building. Effective June 2019, the District is no longer serving student in this facility and sold this building in August 2021

(Continued)

| Fiscal Year | | | | | |
|-------------|---------|---------|---------|---------|------------|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| 29,008 | 29,008 | 29,898 | 29,898 | - | - |
| 264 | 264 | - | - | - | - |
| 50 | 50 | - | - | - | - |
| 28,130 | 28,130 | 28,130 | 28,130 | 28,130 | 28,130 |
| 290 | 290 | 290 | 290 | 290 | 290 |
| 212 | 208 | 204 | 176 | 182 | 238 |
| 40,204 | 40,204 | 51,714 | 51,714 | 51,714 | 51,714 |
| 360 | 360 | 360 | 360 | 360 | 360 |
| 336 | 345 | 209 | 210 | 187 | 250 |
| 48,400 | 48,400 | 68,370 | 68,370 | 68,370 | 68,370 |
| 506 | 575 | 575 | 575 | 575 | 575 |
| 467 | 466 | 576 | 558 | 539 | 578 |
| 59,890 | 59,890 | 62,773 | 62,773 | 62,773 | 62,773 |
| 575 | 525 | 525 | 525 | 525 | 525 |
| 306 | 301 | 325 | 348 | 350 | 380 |
| 56,049 | 56,049 | 55,430 | 57,115 | 57,115 | 57,115 |
| 525 | 525 | 525 | 525 | 525 | 525 |
| 483 | 477 | 411 | 367 | 334 | 394 |
| 61,081 | 61,081 | 65,779 | 65,779 | 65,779 | 65,779 |
| 552 | 552 | 564 | 564 | 564 | 564 |
| 501 | 502 | 466 | 430 | 376 | 448 |
| 63,815 | 63,815 | 67,398 | 67,398 | 67,398 | 67,398 |
| 525 | 525 | 525 | 525 | 525 | 525 |
| 658 | 682 | 509 | 458 | 439 | 458 |
| 67,029 | 67,029 | 68,205 | 72,018 | 72,018 | 72,018 |
| 468 | 468 | 468 | 468 | 468 | 468 |
| 457 | 507 | 467 | 425 | 383 | 426 |
| 67,714 | 67,714 | 74,319 | 74,319 | 74,319 | 74,319 |
| 500 | 575 | 575 | 575 | 575 | 575 |
| 418 | 427 | 328 | 306 | 291 | 364 |
| - | - | 76,410 | 76,410 | 76,410 | 76,410 |
| - | - | 625 | 625 | 625 | 625 |
| - | - | 522 | 531 | 522 | 552 |
| 124,436 | 124,436 | 127,547 | 145,580 | 145,580 | 145,580 |
| 875 | 850 | 850 | 850 | 850 | 850 |
| 728 | 706 | 768 | 819 | 723 | 714 |

Iowa City Community School District

School Building Information (Continued) Last Ten Fiscal Years (Unaudited)

| School | Fiscal Year | | | |
|--|-------------|---------|---------|---------|
| | 2014 | 2015 | 2016 | 2017 |
| Junior High (continued): | | | | |
| South East Junior High School (1959, 1982, 1995) | | | | |
| Square feet | 138,806 | 138,806 | 138,806 | 138,806 |
| Capacity | 775 | 775 | 775 | 775 |
| Enrollment | 771 | 800 | 801 | 826 |
| North Central Junior High School (2006) | | | | |
| Square feet | 82,612 | 82,612 | 82,612 | 82,612 |
| Capacity | 450 | 450 | 450 | 450 |
| Enrollment | 467 | 478 | 504 | 551 |
| High School: | | | | |
| City High School (1939, 1974, 1982, 1985, 1990, 1995, 2005, 2013) | | | | |
| Square feet | 287,047 | 287,047 | 287,047 | 287,047 |
| Capacity | 1,600 | 1,600 | 1,600 | 1,600 |
| Enrollment | 1,494 | 1,599 | 1,668 | 1,717 |
| West High School (1969, 1983, 1986, 1993, 1996, 2005) | | | | |
| Square feet | 339,217 | 339,217 | 339,217 | 339,217 |
| Capacity | 1,800 | 1,800 | 1,800 | 1,800 |
| Enrollment | 1,941 | 1,985 | 2,001 | 2,092 |
| Elizabeth Tate High School (2005) | | | | |
| Square feet | 19,700 | 19,700 | 19,700 | 19,700 |
| Capacity | 160 | 160 | 160 | 160 |
| Enrollment | 135 | 151 | 158 | 154 |
| Liberty High School (2017) | | | | |
| Square feet | - | - | - | - |
| Capacity | - | - | - | - |
| Enrollment | - | - | - | - |
| Portable Classrooms (Various) | | | | |
| Square feet | 35,100 | 35,100 | 35,100 | 35,100 |
| Capacity | | | | |
| Number | 39 | 39 | 40 | 40 |
| Other: | | | | |
| Central Administration Building (1917) | | | | |
| Square feet | - | - | - | - |
| Educational Services Center (2011) | | | | |
| Square feet | 41,776 | 41,776 | 41,776 | 41,776 |
| Physical Plant Building (1984) | | | | |
| Square feet | 19,638 | 19,638 | 19,638 | 19,638 |
| Athletics: | | | | |
| Football fields | 5 | 5 | 5 | 5 |
| Soccer fields | 2 | 2 | 2 | 2 |
| Running tracks | 2 | 2 | 2 | 2 |
| Baseball/softball fields | 4 | 3 | 3 | 3 |
| Tennis Courts | 2 | 2 | 2 | 2 |
| Playgrounds | 19 | 19 | 20 | 20 |

Source: District records

| Fiscal Year | | | | | | |
|-------------|---------|---------|---------|---------|--------------|--|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| 138,806 | 138,806 | 146,237 | 146,237 | 146,237 | 146,237 | |
| 775 | 750 | 750 | 750 | 750 | 750 | |
| 747 | 780 | 818 | 821 | 773 | 841 | |
| 82,612 | 82,612 | 115,496 | 115,496 | 115,496 | 115,496 | |
| 450 | 450 | 800 | 800 | 800 | 800 | |
| 547 | 551 | 582 | 558 | 539 | 626 | |
| 287,047 | 287,047 | 288,505 | 288,505 | 288,505 | 288,505 | |
| 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | |
| 1,537 | 1,578 | 1,564 | 1,571 | 1,552 | 1,609 | |
| 339,217 | 339,217 | 356,576 | 356,576 | 356,576 | 356,576 | |
| 1,800 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | |
| 1,548 | 1,494 | 1,439 | 1,438 | 1,427 | 1,510 | |
| 19,700 | 19,700 | 40,356 | 40,356 | 40,356 | 40,356 | |
| 160 | 160 | 168 | 168 | 168 | 168 | |
| 163 | 140 | 146 | 132 | 136 | 163 | |
| 270,000 | 270,000 | 305,739 | 305,739 | 305,739 | 305,739 | |
| 1,000 | 1,000 | 1,500 | 1,500 | 1,500 | 1,500 | |
| 723 | 927 | 1,066 | 1,136 | 1,115 | 1,181 | |
| 35,100 | 35,100 | 44,597 | 34,853 | 34,853 | 34,853 | |
| 40 | 40 | 40 | 32 | 32 | 32 | |
| - | - | - | - | - | - | |
| 41,776 | 41,776 | 43,436 | 43,436 | 43,436 | 43,436 | |
| 19,638 | 19,638 | 47,734 | 47,734 | 47,734 | 47,734 | |
| 5 | 6 | 6 | 6 | 6 | 6 | |
| 2 | 2 | 3 | 3 | 3 | 3 | |
| 2 | 3 | 3 | 3 | 3 | 3 | |
| 3 | 3 | 5 | 5 | 5 | 5 | |
| 2 | 2 | 3 | 3 | 3 | 3 | |
| 21 | 21 | 21 | 21 | 21 | 21 | |

Iowa City Community School District

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023**

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Provided To Subrecipients | Total Federal Expenditures |
|--|-----------------------------------|--|---------------------------|----------------------------|
| U.S. Department of Agriculture: | | | | |
| Child Nutrition Cluster: | | | | |
| Passed through the State Department of Agriculture and State of Iowa Department of Education: | | | | |
| School Breakfast Program (SBP) | 10.553 | 77-1737 | \$ - | \$ 985,677 |
| National School Lunch Program (NSLP), USDA Commodities (Noncash) | 10.555 | 77-1737 | - | 707,038 |
| National School Lunch Program (NSLP) | 10.555 | 77-1737 | - | 603,372 |
| National School Lunch Program (NSLP) | 10.555 | 77-1737 | - | 3,802,614 |
| Subtotal ALN 10.555 | | | - | 5,113,024 |
| Summer Food Service Program for Children (SFSP) | 10.559 | 77-1737 | - | 34,618 |
| Fresh Fruit and Vegetable Program (FFVP) | 10.582 | Unavailable | - | 96,253 |
| Total U.S. Department of Agriculture and Child Nutrition Cluster | | | - | 6,229,572 |
| U.S. Department of Defense: | | | | |
| Passed through Johnson County, Iowa: | | | | |
| Flood Control Projects | 12.106 | Unavailable | - | 7,106 |
| U.S. Department of Education: | | | | |
| Passed through State of Iowa Department of Education: | | | | |
| Title I - Grants to Local Educational Agencies | 84.010A | Unavailable | - | 2,786,442 |
| Title I - Grants to Local Educational Agencies—Schools in Need of Assistance | 84.010A | Unavailable | - | 265,780 |
| Subtotal ALN 84.010A | | | - | 3,052,222 |
| Special Education Grants to States * | 84.027 | Unavailable | - | 518,373 |
| Career and Technical Education—Basic Grants to States | 84.048A | 77-6957 | - | 155,305 |
| Education for Homeless Children and Youth | 84.196 | Unavailable | - | 40,221 |
| Twenty-First Century Community Learning Centers | 84.287A | Unavailable | - | 223,556 |
| Supporting Effective Instruction State Grant | 84.367 | Unavailable | - | 403,327 |
| Student Support and Academic Enrichment Program | 84.424 | Unavailable | - | 237,103 |
| Education Stabilization Fund | | | | |
| COVID-19—Elementary and Secondary School Emergency Relief Fund | 84.425D | Unavailable | - | 228,207 |
| COVID-19—ARP - Elementary and Secondary School Emergency Relief | 84.425U | Unavailable | - | 18,999,179 |
| COVID-19—ARP - Elementary and Secondary School Emergency Relief Homeless Children and Youth | 84.425W | Unavailable | - | 44,964 |
| Subtotal Education Stabilization Fund | | | - | 19,272,350 |
| Passed through Grant Wood Area Education Agency: | | | | |
| Special Education Grants to States * | 84.027 | Unavailable | - | 718,195 |
| English Language Acquisition State Grants | 84.365 | Unavailable | - | 154,178 |
| Total U.S. Department of Education | | | - | 24,774,830 |
| U.S. Department of Justice | | | | |
| Direct, Public Safety Partnership and Community Policing Grants | 16.710 | | - | 30,136 |
| Total expenditures of federal awards | | | \$ - | \$ 31,041,644 |

* Total Special Education Cluster (ALN No. 84.027): \$1,236,568

See notes to schedule of expenditures of federal awards.

Iowa City Community School District

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Iowa City Community School District (the District), under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The District has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

**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**

Independent Auditor's Report

Board of Education
Iowa City Community School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Iowa City Community School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 27, 2025.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-006 to be significant deficiencies.



Report on Compliance and Other Matters

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

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

RSM US LLP

Davenport, Iowa
August 27, 2025

**Report on Compliance For Each Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance**

RSM US LLP

Independent Auditor's Report

Board of Education
Iowa City Community School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Iowa City Community School District's (the District's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-003 and 2023-005. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that 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 2023-004 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-003 and 2023-005 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

RSM US LLP

Davenport, Iowa
August 27, 2025

Iowa City Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? x Yes No
- Significant deficiency(ies) identified? x Yes None Reported

Noncompliance material to financial statements noted? Yes x No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? x Yes No
- Significant deficiency(ies) identified? x Yes None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) x Yes No

Identification of major federal programs:

| Assistance Listing Number(s) | Name of Federal Program or Cluster |
|--------------------------------|---|
| 10.553, 10.555, 10.559, 10.582 | Child Nutrition Cluster |
| 84.425D, 84.425U, 84.425W | COVID-19 - Education Stabilization Fund |

Dollar threshold used to distinguish between type A and type B programs: \$931,249

Auditee qualified as low-risk auditee? Yes x No

(Continued)

Iowa City Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

II. Financial Statement Findings

A. Internal Control

2023-001: Material Weakness: Inadequate Controls over Financial Reporting

Finding: The District's financials required significant revisions and were significantly delayed.

Criteria: Management of the District is responsible for establishing and maintaining an effective organizational structure and internal control over financial reporting. These controls should allow management and employees to prevent, or detect and correct, misstatements to the trial balance, and perform financial reporting on a timely basis.

Condition: The District does not have processes and controls in place for timely financial reporting. The District was performing year-end close procedures over significant financial statement accounts over an extended period of time and did not complete reconciliations over all accounts and preparation of a financial report draft until December 2024. In addition, the District's controls were not operating effectively over financial reporting because during the audit, there were significant adjustments provided subsequent to the original trial balance, which materially affected year-end balances. In addition, supporting schedules and reconciliations did not agree to financial statement amounts and required revisions.

Cause: The District experienced turnover in key accounting personnel which impacted financial reporting, and resulted in the District not having proper procedures and controls in place to ensure the financial statements are prepared in a timely manner, and in accordance with generally accepted accounting principles. The District does not have processes and controls in place to perform reconciliations of significant accounts in a timely manner.

Effect or potential effect: The financial statements were not available in a timely manner for users of the information. There were also significant financial statement adjustments during the audit process. The lack of proper procedures and controls in place over the preparation of the financial statements could potentially result in material misstatements of the financial statements and material departures from generally accepted accounting principles.

Recommendation: We recommend the District implement procedures and controls to ensure financial information is prepared timely and accurately, and in accordance with applicable accounting standards.

Views of responsible officials: Management agrees with the finding.

2023-002: Significant Deficiency: Inadequate Controls over Bank Reconciliations

Finding: The District's bank reconciliations required corrections for unreconciled amounts.

Criteria: Management of the District is responsible for establishing and maintaining effective internal controls over cash transactions of the District, specifically the reconciliation of bank account balances (cash and investments) on a timely basis.

(Continued)

Iowa City Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

Condition: During audit procedures performed, and testing of the accuracy of bank reconciliations, two improper reconciling items were identified. It was determined that approximately \$1 million of reconciling items on two different bank accounts should have been classified as due to/from other funds, however were not presented in the financial statements correctly. These amounts netted across the two funds and therefore District cash was misstated by an immaterial amount, however the District's bank reconciliations did not identify this error. It was further identified that an additional \$55,000, which reduced general ledger cash and increased payroll-related expenditures, should be reversed. An adjusting entry was recognized in the financials to eliminate these reconciling items.

Cause: The District experienced turnover in key accounting personnel which impacted financial reporting, and the timeliness and accuracy of the reviews over bank reconciliations.

Effect or potential effect: When accounts are not reconciled timely and accurately, the risk of unidentified variances between the bank account balances and the financial statements of the District is increased. An approximate \$1.06 million error was noted in one of the bank reconciliations and a \$1 million error was noted in a second bank reconciliation during the audit process. This resulted in an adjusting journal entry which reclassified certain amounts and also reduced payroll-related expenditures by approximately \$55,000. Additionally, risk of material misstatement of the financial statements due to errors or misappropriation of cash increases when reconciliations are not timely.

Recommendation: We recommend the District implement procedures and controls to ensure bank accounts are reconciled and reviewed on a timely basis for accuracy.

Views of responsible officials: Management agrees with the finding.

2023-006: Significant Deficiency: Inadequate Segregation of Duties over Cash Disbursements and Journal Entries

Finding: The District's Chief Financial Officer has the ability to update and add new vendors, process invoices, post journal entries and has access to the electronic signature for cash disbursements.

Criteria: Management of the District is responsible for establishing and maintaining effective internal controls over financial reporting of the District, including proper segregation of duties in performing financial reporting functions.

Condition: During audit procedures performed, it was identified the District's Chief Financial Officer has the ability to update and add new vendors, process invoices, post journal entries and has access to the electronic signature for cash disbursements. These are incompatible duties that should be segregated when performing financial accounting and reporting. The District's compensating controls include other individuals performing bank reconciliations, as well as superintendent reviews of the financial statements, including budget to actual comparisons. These compensating controls and reviews help minimize the risk when they are operating effectively.

Cause: The District has limited staffing in those personnel performing financial reporting duties.

Effect or potential effect: The effect is improper segregation of duties, as well as the increased risk of fraud in the accounting and financial reporting process.

(Continued)

Iowa City Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023**

Recommendation: We recommend the District implement procedures and controls to ensure there is proper segregation of duties throughout financial reporting functions, with focus around those involving cash receipts and disbursements.

Views of responsible officials: Management agrees with the finding.

B. Instances of Noncompliance

None reported.

III. Federal Award Findings and Questioned Costs

2023-003: Significant Deficiency and Noncompliance: Cut-off Errors in Preparing the SEFA

**U.S. Department of Education
Education Stabilization Fund
Passed through State of Iowa Department of Education
Federal Assistance Listing Number (ALN): 84.425D, 84.425U, 84.425W
Federal Award Year: 2023**

**U.S. Department of Agriculture
Child Nutrition Cluster
Passed through State of Iowa Department of Agriculture and State of Iowa Department of Education
Federal Assistance Listing Number (ALN): 10.553, 10.555, 10.559, 10.582
Federal Award Year: 2023**

Finding: The District reported expenditures on the fiscal year 2023 schedule of expenditures of federal awards ("SEFA") that were incurred in other fiscal years.

Criteria: The schedule of expenditures of federal awards is required to be prepared on a basis consistent with the financial statements. Expenditures of federal awards are to be reported on the modified accrual basis of accounting and should be reported on the SEFA when incurred.

Condition: Seven invoices which were either received late (after the preparation of the fiscal year 2022 SEFA) or paid early (prior to the recognition of the expense in fiscal year 2024) were reported on the fiscal year 2023 SEFA as expenditures in the current year. Therefore, they were not reported on the SEFA in a manner consistent with the fiscal year in which they were recognized as expenditures in the financial statements. This resulted in \$58,308 of allowable costs reported on the fiscal year 2023 SEFA which were incurred in subsequent fiscal years. Specifically for the Education Stabilization Fund, there was \$55,968 in costs reported in 2023 that should have been recognized in the fiscal year 2024 SEFA. For the Child Nutrition Cluster, there was \$2,340 in costs that should have been recognized in the fiscal year 2024 SEFA. This also resulted in \$42,366 of allowable costs reported on the 2023 SEFA for the Education Stabilization Fund that should have been recognized in the fiscal year 2022 SEFA.

Cause: Inadequate reviews were in place to ensure that only fiscal year 2023 expenditures were reported on the SEFA.

(Continued)

Iowa City Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

Effect or potential effect: Inaccurate reporting of expenses can result in actions taken by oversight agencies, which could impact future funding.

Questioned costs: None.

Context: For 7 of the 65 invoices tested, the District reported either fiscal year 2022 or fiscal year 2024 expenditures on the fiscal year 2023 SEFA.

Identification as a repeat finding, if applicable: Not a repeat finding.

Recommendation: We recommend the District implement procedures to ensure proper cut-off is achieved in reporting expenditures on the SEFA.

Views of responsible officials: Management agrees with the finding.

2023-004: Material Weakness: Lack of Review on Reports

U.S. Department of Education
Education Stabilization Fund
Passed through State of Iowa Department of Education
Federal Assistance Listing Number (ALN): 84.425D, 84.425U, 84.425W
Federal Award Year: 2023

Finding: Required reports for the Education Stabilization Fund were not reviewed and approved by an individual other than the preparer prior to submission.

Criteria: A proper internal control structure would include segregation of duties and would ensure that reports are reviewed by an individual other than the preparer prior to submission.

Condition: The Education Stabilization Fund requires that certain reports are submitted to the granting agency. The reports selected for testing were filed timely and there were no inaccuracies identified on the reports. However, the reports were prepared and submitted by the same employee and no independent review took place prior to submission.

Cause: A lack of segregation of duties over the process of reporting for this program.

Effect or potential effect: A lack of reviews could lead to inaccuracies in reporting.

Questioned costs: None.

Context: For all four reports tested, the District could not provide evidence supporting that the reports had been reviewed and approved by someone other than the preparer.

Identification as a repeat finding, if applicable: Not a repeat finding.

Recommendation: We recommend the District implement procedures to ensure proper segregation of duties is achieved in the preparation of required reports.

Views of responsible officials: Management agrees with the finding.

(Continued)

Iowa City Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

2023-005: Significant Deficiency and Noncompliance: Late Filing of Single Audit Package

All Assistance Listing numbers and Federal Agencies (and pass-through entities) included on the accompanying schedule of expenditures of federal awards for the year ended June 30, 2023

Finding: The Single Audit package was not submitted to the Federal Clearinghouse within the required time period.

Criteria: Uniform Guidance 2 CFR 200.512(a) requires that the organization's audit must be completed and the data collection form and reporting package should be submitted to the Federal Clearinghouse within the earlier of 30 days after receipt of the auditor's report or nine months after the end of the audit period.

Condition: The Single Audit package for the District's fiscal year ended June 30, 2023 should have been submitted to the Federal Audit Clearinghouse by March 31, 2024. It was not submitted to the Federal Audit Clearinghouse until August 2025.

Cause: The audit was not completed by March 31, 2024 due to personnel turnover.

Effect or potential effect: Potential suspension of funding provided by federal agencies.

Questioned costs: None.

Context: The June 30, 2023 Single Audit package.

Identification as a repeat finding, if applicable: Not a repeat finding.

Recommendation: We recommend the District file the reporting package timely to the Federal Audit Clearinghouse.

Views of responsible officials: Management agrees with this finding.

IV. Other Findings Related to Required Statutory Reporting

IV-A-23—Certified Budget and General Fund Spending Authority

No expenditures exceeded the amended certified budget amounts.

IV-B-23—Questionable Expenditures

No expenditures that may not meet the requirements of public purpose defined in the Attorney General's opinion dated April 25, 1979, were noted.

IV-C-23—Travel Expenses

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.

(Continued)

Iowa City Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

IV-D-23—Business Transactions

No material business transactions between the District and District officials or employees were noted.

IV-E-23—Restricted Donor Activity

No transactions were noted between the District, District Officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

IV-F-23—Bond Coverage

Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to ensure the coverage is adequate for current operations.

IV-G-23—Board Minutes

No transactions requiring Board approval which had not been approved in the Board minutes were noted.

IV-H-23—Certified Enrollment

Finding: There were various certified enrollment variances identified by the State and the District that resulted in a decrease of 0.82 students from the October 14, 2022 certified enrollment numbers reported by the District.

Recommendation: The District should correct errors prior to providing the information to the state to avoid adjustments made by the state.

Response and corrective action plan: The District will contact the Iowa Department of Education and Iowa Department of Management notifying them of the above changes. The District will continue to monitor supporting information and reconciliation of data submitted to the Iowa Department of Education.

IV-I-23—Supplementary Weighting

No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-J-23—Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Iowa Code and the District's investment policy were noted.

IV-K-23—Certified Annual Report

The Certified Annual Report (CAR) was filed with the Department of Education timely.

(Continued)

Iowa City Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023**

IV-L-23—Categorical Funding

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

IV-M-23—State-Wide Sales, Services and Use Tax

No instances of noncompliance with the use of the state-wide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the state-wide sales, services and use tax revenue. For the year ended June 30, 2023, the District's financial activity and other required information for the state-wide sales, services and use tax revenue are as follows:

| | |
|---|----------------------|
| Beginning balance | \$ 3,709,901 |
| State-wide sales, services and use tax | 19,687,857 |
| Interest | 1,441,540 |
| Contributions and rebates | 32,439 |
| Proceeds from issuance of long-term debt, net of issuance costs | 136,687,878 |
| Expenditures/transfers out: | |
| Administrative costs | (155,847) |
| Family resource programs | (666,668) |
| Capital, buildings | (30,566,250) |
| Capital, equipment | (3,688,391) |
| Transfers to debt service | (42,761,130) |
| Ending balance | <u>\$ 83,721,329</u> |

For the year ended June 30, 2023, 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-N-23—Deficit Balances

None of the District's funds had deficit fund balances as of June 30, 2023.

IV-O-23—Revenue Bonds

The District has an appropriate sinking fund as required for revenue bonds outstanding as of June 30, 2023.

IV-P-23—Student Activity Fund

No instances of noncompliance with the use of student activity funds provisions of Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1).

IV-Q-23—Early Childhood Iowa Area Board

The District is not the fiscal agent for the Early Childhood Iowa Area Board.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

Identifying Number: 2022-001

Audit Finding: The District recorded expenditures in the improper fiscal year. The expenditures noted were related to construction projects recorded in the Physical Plant and Equipment Levy and Capital Projects Fund only.

Corrective Action Taken: Not corrected. The accounting department will conduct more robust review of year end transactions. Items noted for subsequent or prior periods will be included on a tracking sheet to be journaled into the proper period. All balance sheet accounts will be reviewed at year end.

Identifying Number: 2022-002

Audit Finding: The District did not maintain record of a student's withdrawal from the District.

Corrective Action Taken: Corrected. Additional reconciliation of student records was completed at year end. Reconciliation was completed by the directors of primary and secondary education or delegated, and reviewed by the controller.

Matthew Degner – Superintendent of Schools • R Chace Ramey – Deputy Superintendent



**CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2023**

Identifying Number: 2023-001

Finding: The district's financials required significant revisions and were significantly delayed.

Corrective Actions Taken or Planned: The previous accounting leadership did not appear to properly reconcile the District's balance sheet, and what reconciliations were available contained unknown variances or other errors that compounded misstatement of the draft financials. Additionally record keeping was difficult to follow and frequently contained errors. Other transactions recorded were booked as estimates without documentation or resolution. The controller is working to formalize the reconciliation process and return to a status where bank and investment accounts are reconciled on an at least monthly basis, and contain no unknown variances. Additionally, capital project portfolios updated on an at least monthly basis and reviewed by the controller. All balance sheet accounts will be reviewed and reconciled on an at least annual basis. Account reconciliations will be current and regular monthly or annual review in place by December 31, 2025. Alan Moran is responsible for the corrective action plan.

Identifying Number: 2023-002

Finding: The district's bank reconciliations required corrections for unreconciled amounts.

Corrective Actions Taken or Planned: Bank accounts were not being properly reconciled and frequently contained "miscellaneous variances." Bank reconciliations will be completed on an at least monthly basis by a member of the business services team and reviewed by the controller. Unknown variances will no longer be permissible on reconciliations. All reconciliations will be current and completed on an at least monthly basis by December 31, 2025. Alan Moran, Controller and Director of Financial Reporting is responsible for this corrective action plan.

Identifying Number: 2023-003

Finding: The district reported expenditures on the fiscal year 2023 schedule of expenditures of federal awards ("SEFA") that were incurred in other fiscal years.

Matthew Degner – Superintendent of Schools • R Chace Ramey – Deputy Superintendent



**CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2023**

Corrective Actions Taken or Planned: The controller has communicated with staff regarding the importance of matching expenses to the proper periods. The accounts payable team has been notified to identify expenditures that require period adjustment, and these will be summarized, and reconciled against the accounts payable register to help ensure expenses are recorded in the proper period. Additionally, any expenses moved to a prior or subsequent period will have the proper reversing entries posted at the time of booking (Either the end of the previous year or beginning of the subsequent year as appropriate). Alan Moran, Controller and Director of Financial Reporting is responsible for this corrective action plan and will be completed by December 31, 2025.

Identifying Number: 2023-004

Finding: Required reports under the Education Stabilization Fund were not reviewed and approved by an individual other than the preparer prior to submission.

Corrective Actions Taken or Planned: The district has employed a Grant Specialists to oversee State and Federal Grant programs who will be responsible for grant related reporting or submissions. Prior to any filings, these will be reviewed by either the CFO or the Controller with the exception of nutritional related grants. Alan Moran, Controller and Director of Financial Reporting is responsible for this corrective action plan by December of 2025.

Identifying Number: 2023-005

Finding: The Single Audit package was not submitted to the Federal Clearinghouse within the required time period.

Corrective Actions Taken or Planned: The district is delinquent in completing annual audits. The district is working to become current on financial reports, however it is unlikely that this will be completed for the FY25 audit. The districts goal is to be current with financial reporting deadlines with the fiscal year 2026 audited financial statements. Alan Moran, Controller and Director of Financial Reporting is responsible for this corrective action plan, and will be completed by March 31, 2027.

Matthew Degner – Superintendent of Schools • R Chace Ramey – Deputy Superintendent



**CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2023**

Identifying Number: 2023-006

Finding: The District's Chief Financial Officer has the ability to update and add new vendors, process invoices, post journal entries and has access to the electronic signature for cash disbursements.

Corrective Actions Taken or Planned: We will remove account maintenance, invoice processing and Journal Entry Post capabilities from the CFO. This was removed August 27, 2025 by the Controller, Alan Moran.

Matthew Degner – Superintendent of Schools • R Chace Ramey – Deputy Superintendent