Iowa City Community School District
Iowa City, Iowa

Financial and Compliance Report
Year Ended June 30, 2024

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Iowa City Community School District

Board of Education
Year Ended June 30, 2024

Board of Education

	Title	Term Expires
Ruthina Malone	President	2029
Molly Abraham	Vice President	2027
Charlie Eastham	Board Member	2027
Jayne Finch	Board Member	2029
Jennifer Horn-Frasier	Board Member	2029
Mitch Lingo	Board Member	2027
Lisa Williams	Board Member	2027

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Bohnsack & Frommelt LLP
Certified Public Accountants
575 12th Avenue
East Moline, Illinois 61244

Independent Auditor's Report

To the Board of Education
Iowa City Community School District
Iowa City, Iowa

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Iowa City Community School District (District) as of and for the year ended June 30, 2024, 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 Iowa City Community School District, as of June 30, 2024, 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 the 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 Iowa City Community School 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, governmental activities beginning net position was restated $6,150,861 and fiduciary funds beginning net position was restated $105,809 to correct prior-period accounting errors. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Iowa City Community School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the 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 Iowa City Community School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Iowa City Community School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of the District's proportionate share of the net pension liability and schedules of contributions for the Iowa Public Employee's Retirement System and schedule of changes in the District's total OPEB liability and related ratios, and budgetary comparison information, on pages 4–15 and 64-73 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 auditing standards generally accepted in the United States of America, 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 Iowa City Community School District's basic financial statements. The other supplementary information as listed in the table of contents and 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.

The other supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2026, on our consideration of the Iowa City Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Iowa City Community School 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 Iowa City Community School District's internal control over financial reporting and compliance.

Bohnsack & Frommelt LLP

East Moline, Illinois
June 10, 2026

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Iowa City Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2024. We encourage readers to consider this information in conjunction with the District's financial statements.

2024 FINANCIAL HIGHLIGHTS

The District's overall financial position has increased from the prior year. The District showed an increase in net position of $21,877,516 during the year ended June 30, 2024.

Total revenues for the fiscal year ended June 30, 2024 and 2023 of $279,377,456 and $276,516,908 were comprised of general revenues in the amount of $222,046,069 and $215,962,711 and program revenues totaling $57,331,387 and $60,554,197, respectively.

The District's General Fund balance increased by $8,901,832, the unassigned fund balance increased by $11,321,513 and the nonspendable/restricted/assigned fund balance decreased by $2,419,681.

USING THIS ANNUAL REPORT

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

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

The government-wide financial statements consist of a statement of net position and a statement of activities. These provide information about the activities of Iowa City Community School District as a whole and present an overall view of the District's finances.

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

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

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the schedule of the District's total OPEB liability and related ratios, and the District's proportionate share of net pension liability and related pension contributions.

Other supplementary information provides detailed information about the nonmajor funds.

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

Figure A-1
Iowa City Community School District Annual Financial Report

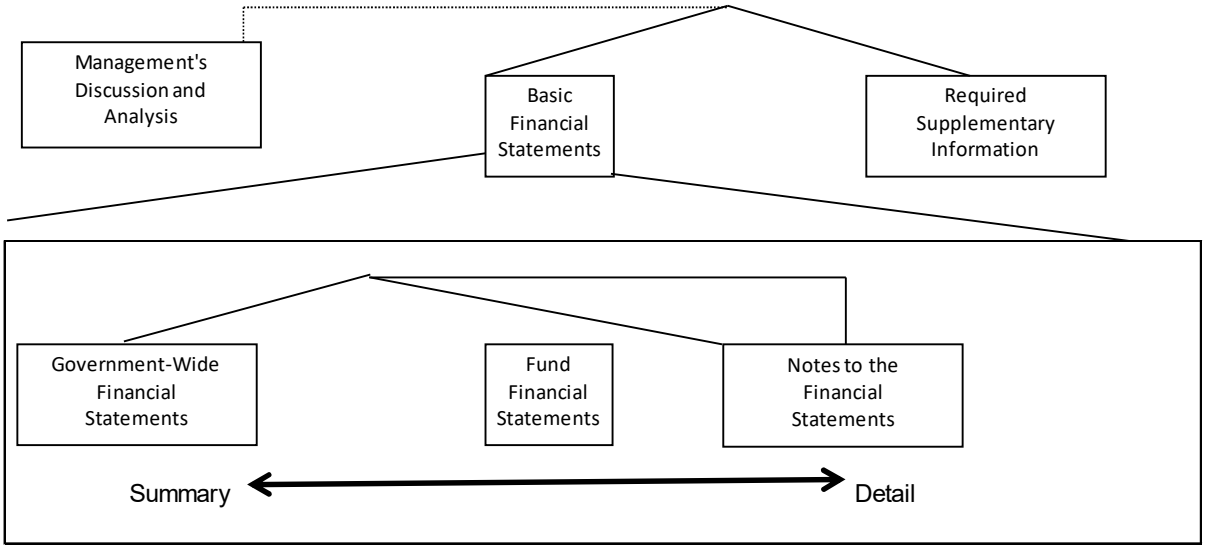

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and child care	Instances in which the District administers resources on behalf of someone else, such as scholarship programs, and student activities monies
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and deferred outflows of resources/ liability and deferred inflows of resources information	All assets, deferred outflows of resources and liabilities and deferred inflows of resources, 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, deferred outflows of resources and liabilities and deferred inflows of resources, 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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-Wide Financial 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, deferred outflows of resources and liabilities and deferred inflows 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 is one way to measure the District's financial position. Over time, increases or decreases in the District's net position is an indicator of whether the financial position is improving or deteriorating, respectively. 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.

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

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

Business-type activities. The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

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

The District's governmental funds include the General Fund, Capital Projects Fund, and Management Levy Fund and nonmajor funds including the special revenue fund, Student Activity Fund, and the Debt Service Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

Proprietary funds. Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund. The District uses internal service funds, the other kind of proprietary fund, to report activities that provide supplies and services for its other programs and activities. The District currently has one internal service fund, Self-funded Insurance Fund.

The required financial statements for proprietary funds include a statement of net position, statement of revenues, expenses and changes in net position and a statement of cash flows.

Fiduciary funds. The District is the trustee, or fiduciary, for the assets that belong to others. These funds include the private purpose trust funds.

Private Purpose Trust Funds- 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 the assets reported in the fiduciary funds are used only for their intended purpose 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.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position – Table 1 below provides a summary of the District's net position for the year ended June 30, 2024 compared to June 30, 2023.

Table 1 Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total District	
	2024	Restated 2023	2024	2023	2024	Restated 2023
Current assets	$ 226,878,445	$ 282,453,017	$ 8,760,236	$ 7,917,704	$ 235,638,681	$ 290,370,721
Capital assets	569,440,241	507,823,544	934,272	618,442	570,374,513	508,441,986
Total assets	796,318,686	790,276,561	9,694,508	8,536,146	806,013,194	798,812,707
Deferred outflows of resources	30,966,450	20,189,068	525,409	395,424	31,491,859	20,584,492
Current liabilities	56,576,009	57,611,045	268,638	194,385	56,844,647	57,805,430
Non-current liabilities	383,303,707	389,087,548	1,321,604	1,227,016	384,625,311	390,314,564
Total liabilities	439,879,716	446,698,593	1,590,242	1,421,401	441,469,958	448,119,994
Deferred inflows of resources	126,144,578	123,133,022	23,553	154,735	126,168,131	123,287,757
Net position:						
Net investment in capital assets	262,914,591	245,153,777	934,272	618,442	263,848,863	245,772,219
Restricted	24,726,641	25,183,021	-	-	24,726,641	25,183,021
Unrestricted	(26,380,390)	(29,702,784)	7,671,850	6,736,992	(18,708,540)	(22,965,792)
Total net position	$ 261,260,842	$ 240,634,014	$ 8,606,122	$ 7,355,434	$ 269,866,964	$ 247,989,448

The District's combined net position increased by 8.8 percent or $21,877,516 from the prior year net position.

Cash decreased $53,194,913 from 2023 due to spending the prior year issued revenue bonds for capital purposes. Capital assets, which make up the vast majority of the District's asset base, grew $61,932,527 net of current year depreciation. This reflects the District's continued investment in construction and equipment.

Total liabilities decreased $6,650,036 primarily due to principal payment on debt of $17,702,960 offset by an increase in the net pension liability of $8,947,303.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased $456,380 or 1.8 percent from the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit ($22,965,792) to a deficit ($18,708,540) which primarily relates to the District's pension liability.

Table 2 shows the changes in net position for the year ended June 30, 2024 compared to June 30, 2023.

Table 2 Changes in Net Position From Operating Results

	Governmental Activities		Business-Type Activities		Total District	
	2024	Not Restated 2023	2024	Not Restated 2023	2024	Not Restated 2023
Revenues:						
Program revenues:						
Charges for services	$ 9,176,280	$ 2,914,550	$ 3,410,012	$ 3,903,848	$ 12,586,292	$ 6,818,398
Operating grants and contributions	38,820,650	48,064,630	5,924,445	5,646,825	44,745,095	53,711,455
Capital grants and contributions	-	24,344	-	-	-	24,344
General revenues:						
Property taxes	114,638,569	114,990,467	-	-	114,638,569	114,990,467
Sales tax	19,022,440	17,286,867	-	-	19,022,440	17,286,867
Income surtax	8,748,496	-	-	-	8,748,496	-
Other tax	974,203	-	-	-	974,203	-
Unrestricted state grants	73,014,532	78,202,001	-	-	73,014,532	78,202,001
Revenue in lieu of taxes	1,276,395	-	-	-	1,276,395	-
Unrestricted investment earnings	4,131,849	3,364,138	217,292	111,564	4,349,141	3,475,702
Other	22,293	2,007,674	-	-	22,293	2,007,674
Total revenues	269,825,707	266,854,671	9,551,749	9,662,237	279,377,456	276,516,908
Expenses:						
Instruction	157,672,203	158,580,085	-	-	157,672,203	158,580,085
Support services	72,432,298	79,797,791	-	-	72,432,298	79,797,791
Noninstructional	786,636	712,318	-	-	786,636	712,318
Other expenses	18,307,742	8,541,954	-	-	18,307,742	8,541,954
Nutrition services	-	-	8,301,061	7,809,181	8,301,061	7,809,181
Total expenses	249,198,879	247,632,148	8,301,061	7,809,181	257,499,940	255,441,329
Change in net position	20,626,828	19,222,523	1,250,688	1,853,056	21,877,516	21,075,579
Beginning net position, as restated	240,634,014	215,260,630	7,355,434	5,502,378	247,989,448	220,763,008
Ending net position	$ 261,260,842	$ 234,483,153	$ 8,606,122	$ 7,355,434	$ 269,866,964	$ 241,838,587

Governmental activities:

Local tax, sales tax and unrestricted state grants account for 80.2 percent of the total governmental activities revenue. The District's expenses primarily relate to instructional and support services which account for 92.3 percent of the total governmental activities expenses.

Total revenue of governmental activities increased $2,971,036 or 1.1%.

Total expenses for governmental activities increased by $1,566,731 or 0.6%.

Table 3 presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses:

Table 3 Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2024	Not Restated 2023	2024	Not Restated 2023
Governmental activities				
Instruction	$ 157,672,203	$ 158,580,085	$ (118,421,477)	$ (115,272,805)
Support services:	72,432,298	79,797,791	(70,985,474)	(72,101,547)
Noninstructional programs	786,636	712,318	(786,636)	(712,318)
AEA	7,299,380	7,118,887	-	-
Other expenses	11,008,362	1,423,067	(11,008,362)	(8,541,954)
Total Governmental activities	$ 249,198,879	$ 247,632,148	$ (201,201,949)	$ (196,628,624)

The cost financed by users of the District's programs for the year ended June 30, 2024 was $9,176,280.

Federal and state governments subsidized certain programs with grants and contributions totaling $38,820,650 for the year ended June 30, 2024 compared to year ended June 30, 2023 of $48,088,974. The decrease is primarily due to significant COVID-19 funding in 2023.

The remaining net cost of governmental activities was financed with property tax, sales tax, income surtax, other taxes, state foundation aid and investment earnings.

Business-Type Activities

Revenues of the District's business-type activities were $9,551,749 and expenses were $8,301,061. 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 investment income.

Business-type activities revenues decreased $110,488 primarily due to decreases in food sales offset by an increase in federal appropriations.

Business-type activities expenses increased $491,880 due to increases in cost of supplies.

INDIVIDUAL FUND ANALYSIS

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 is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of $50,189,676; a decrease of $59,534,750 from last year's ending fund balances of $109,724,426. The decrease is primarily due to capital outlay expenditures of $85,273,325.

The District's General Fund financial position increased by $8,901,832. The District's General Fund revenues of $208,955,795 reflect a $532,238 decrease from prior year revenue of $209,488,033. Expenditures reflected a decrease from $207,876,297 in 2023 to $199,886,456 in 2024.

The Capital Projects Fund fund balance decreased from $97,447,922 in fiscal year 2023 to $28,949,793 in fiscal year 2024. The District expended $85,273,325 for facilities purchases and improvements in 2024. In addition, the Capital Projects Fund transferred $15,645,962 to the Debt Service Fund for payment of principal and interest on the District's revenue bonds.

The Management Levy Fund fund balance increased from $1,165,161 in 2023 to $1,793,411 in 2024. Local taxes increased from $5,225,217 in 2023 to $13,523,197 in 2024.

Proprietary Fund Highlights

Enterprise funds net position increased from $6,072,119 in 2023 to $7,406,854 in 2024. This is primarily due to an increase in federal funding of the school nutrition program.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its internal service and fiduciary funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for individual funds are not presented in the budgetary comparison.

The District had one budget amendment which increased overall expenditures by $24,169,846.

The District's total actual revenues were $15,212,989 more than the total budgeted revenues.

Total expenditures were more than budgeted by $12,394,085, primarily in the other expenditures function which overexpended the budget by $19,502,993 which related primarily to timing of capital projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2024, the District had invested $570,374,513 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. See Table 4. This amount represents a net increase of $61,932,527 from last year. More detailed information about capital assets is available in Note 4 for the financial statements. Depreciation expense for the year was $15,873,069.

Major capital projects in the current year consisted of middle school additions and Horn Elementary School.

Table 4 Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total District	
	2024	2023	2024	2023	2024	2023
Land	$ 15,798,273	$ 15,798,273	$ -	$ -	$ 15,798,273	$ 15,798,273
Construction in progress	85,824,508	30,731,363	-	-	85,824,508	30,731,363
Buildings	429,718,738	427,750,567	-	-	429,718,738	427,750,567
Improvements other than buildings	32,419,363	28,908,982	-	-	32,419,363	28,908,982
Furniture, equipment and vehicles	4,777,639	4,407,165	934,272	618,442	5,711,911	5,025,607
Right-to-use leaes equipment	149,112	201,741	-	-	149,112	201,741
Right-to-use IT subscription	752,608	25,453	-	-	752,608	25,453
Total	$ 569,440,241	$ 507,823,544	$ 934,272	$ 618,442	$ 570,374,513	$ 508,441,986

Long-Term Debt

As of June 30, 2024, the District had $407,858,585 in long-term obligations outstanding. In 2024 the District paid $17,702,960 in principal and $11,111,038 in interest. See Table 5.

Table 5 Outstanding Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total District	
	2024	Restated 2023	2024	2023	2024	Restated 2023
General obligation bonds, net	$ 159,037,168	$ 166,482,168	$ -	$ -	$ 159,037,168	$ 166,482,168
Capital loan notes	945,000	1,865,000	-	-	945,000	1,865,000
Revenue bonds	155,890,000	164,695,000	-	-	155,890,000	164,695,000
Compensated absences	785,184	955,922	-	-	785,184	955,922
Early retirement	3,333,899	8,080,288		-	3,333,899	8,080,288
Lease obligations	154,209	205,142		-	154,209	205,142
IT subscription obligations	595,997	24,709	-	-	595,997	24,709
Total OPEB liability	16,819,043	13,009,704	-	-	16,819,043	13,009,704
Net pension liability	68,976,481	60,123,766	1,321,604	1,227,016	70,298,085	61,350,782
Total	$ 406,536,981	$ 415,441,699	$ 1,321,604	$ 1,227,016	$ 407,858,585	$ 416,668,715

More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

- The Iowa Legislature establishes supplemental state aid percentages annually. Supplemental state aid for fiscal year 2024-25 was set at 2.5%, a decrease from 3.0% in fiscal year 2023-24. This reduction may create budgetary challenges in future years, as increases in state funding have not kept pace with inflationary pressures experienced during the twelve-month period ended June 30, 2024. Management anticipates this trend may continue in upcoming fiscal years.
- State funding is largely determined by certified enrollment and is based on prior-year enrollment counts. Certified enrollment remained relatively stable between the 2022-23 and 2023-24 school years, decreasing slightly from 14,439.8 to 14,378.7 students. Continued enrollment stability will remain an important factor in maintaining future funding levels.
- In prior years, the District received significant federal funding through various COVID-19 relief programs. As of June 30, 2023, substantially all of these one-time federal resources had been expended and are no longer available to support future operations. As a result, the District must continue to align ongoing expenditures with recurring revenue sources.
- The following Facilities Master Plan (FMP) 2.0 projects were completed during fiscal year 2024: Coralville Central Elementary School and Weber Elementary School front entrance remodels; Garner Elementary School cafeteria and office expansion; City High School tennis courts and parking improvements; Center for Innovation remodel (Phase 1); Safety and Security Fencing Bid Package 1 at Coralville Central Elementary School, Shimek Elementary School, and Weber Elementary School; parking lot and roadway expansions at Southeast, North Central, and

Northwest Middle Schools; and the installation of outdoor classrooms and ADA-accessible playground equipment at multiple school sites.

- The following FMP 2.0 projects were under construction during fiscal year 2024 and reached substantial completion during fiscal year 2025: Horn Elementary School classroom addition and HVAC upgrade; additions at Southeast, North Central, and Northwest Middle Schools; Southeast modular classroom relocation; Hills Elementary School demolition; Safety and Security Fencing Bid Package 2 at Van Allen Elementary School and Longfellow Elementary School; and continued installation of outdoor classrooms and preschool playground improvements at multiple school sites.
- Several FMP 2.0 projects initiated in prior fiscal years experienced schedule delays and are expected to be completed by the end of fiscal year 2026 or early fiscal year 2027. These projects include the City High School Addition and HVAC Upgrade (Phase 3), West High School Addition and HVAC Upgrade (Phase 3), HVAC upgrades at Lemme, Weber, and Wickham Elementary Schools, Center for Innovation Remodel (Phase 2), Center for Innovation Parking Improvements (Phase 3), Penn and Wood Preschool remodels, Northwest retaining wall improvements, and the Lucas Gym addition.
- In addition, Facilities Master Plan 2.3 projects, including Liberty High School soccer field lighting, City High School auditorium upgrades, and City High School baseball and softball facility improvements at Mercer Park, are expected to be completed within the same timeframe.

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 Iowa City Community School District, 2255 North Dubuque Road, Iowa City, Iowa 52245.

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Iowa City Community School District

Statement of Net Position
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash, cash equivalents and investments	$ 84,738,825	$ 11,421,257	$ 96,160,082
Property taxes receivables:			
Current year	646,470	-	646,470
Succeeding year	123,621,523	-	123,621,523
Income surtax	6,986,431	-	6,986,431
Due from other governments	7,376,662	15,165	7,391,827
Other receivables	385,169	-	385,169
Internal balances	2,869,069	(2,869,069)	-
Prepaid expenses	254,296	-	254,296
Inventories	-	192,883	192,883
Total current assets	226,878,445	8,760,236	235,638,681
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	15,798,273	-	15,798,273
Construction in progress	85,824,508	-	85,824,508
Depreciable:			
Buildings	562,462,921	-	562,462,921
Improvements other than buildings	50,707,713	-	50,707,713
Furniture, equipment and vehicles	33,990,528	2,645,722	36,636,250
Right-to-use leaes equipment	263,145	-	263,145
Right-to-use IT subscription	1,159,303	-	1,159,303
Accumulated depreciation/amortization	(180,766,150)	(1,711,450)	(182,477,600)
Net capital assets	569,440,241	934,272	570,374,513
Total assets	796,318,686	9,694,508	806,013,194
Deferred Outflows of Resources			
OPEB related deferred outflows	3,544,568	-	3,544,568
Pension related deferred outflows	27,421,882	525,409	27,947,291
Total deferred outflows of resources	30,966,450	525,409	31,491,859

See Notes to Basic Financial Statements.

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	12,320,518	15,791	12,336,309
Accrued liabilities	17,207,239	30,820	17,238,059
Claims payable	2,928,354	-	2,928,354
Interest payable	886,624	-	886,624
Unearned revenue	-	222,027	222,027
Compensated absences	785,184	-	785,184
Early retirement	3,260,667	-	3,260,667
IT subscription obligation	295,742	-	295,742
Lease liability	52,712	-	52,712
General obligation bonds	8,120,000	-	8,120,000
Revenue bonds	8,960,000	-	8,960,000
Capital loan notes	945,000	-	945,000
Other post employment benefits liability	813,969	-	813,969
Total current liabilities	56,576,009	268,638	56,844,647
Noncurrent liabilities:			
Early retirement	73,232	-	73,232
IT subscription obligation	300,255	-	300,255
Lease liability	101,497	-	101,497
General obligation bonds	150,917,168	-	150,917,168
Revenue bonds	146,930,000	-	146,930,000
Other post employment benefits liability	16,005,074	-	16,005,074
Net pension liability	68,976,481	1,321,604	70,298,085
Total noncurrent liabilities	383,303,707	1,321,604	384,625,311
Total liabilities	439,879,716	1,590,242	441,469,958
Deferred Inflows of Resources			
Property taxes	123,621,523	-	123,621,523
OPEB related deferred inflows	1,293,792	-	1,293,792
Pension related deferred inflows	1,229,263	23,553	1,252,816
Total deferred inflows of resources	126,144,578	23,553	126,168,131
Net Position			
Net investment in capital assets	262,914,591	934,272	263,848,863
Restricted for:			
Categorical funding	2,703,361	-	2,703,361
Physical plant and equipment	13,991,753	-	13,991,753
Debt service	1,376,800	-	1,376,800
School infrastructure	4,861,316	-	4,861,316
Management levy	1,793,411	-	1,793,411
Unrestricted	(26,380,390)	7,671,850	(18,708,540)
Total net position	$ 261,260,842	$ 8,606,122	$ 269,866,964

Iowa City Community School District

Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Governmental Activities:			
Instruction			
Regular	$ 94,559,334	$ 2,233,534	$ 29,236,262
Special	51,838,991	1,990,824	209,807
Other	11,273,878	3,786,851	1,793,448
Support services:			
Student	6,990,552	-	-
Instructional staff	9,847,953	-	-
Administration	20,604,003	811,300	-
Plant operation and maintenance	29,210,742	260,613	-
Student transportation	5,779,048	93,158	281,753
Noninstructional programs	786,636	-	-
AEA flowthrough	7,299,380	-	7,299,380
Interest on long-term debt	11,008,362	-	-
Total governmental activities	249,198,879	9,176,280	38,820,650
Business-type activities:			
Nutrition services	8,301,061	3,410,012	5,924,445
Total business-type activities	8,301,061	3,410,012	5,924,445
Total primary government	$ 257,499,940	$ 12,586,292	$ 44,745,095

General revenues:
Taxes:
Property taxes for general purpose
Property taxes for debt service
Propety taxes for capital outlay
Property taxes for other purposes
Excise taxes
Income surtax
Other taxes
Revenue in lieu of taxes
Sales taxes
Unrestricted state aid
Investment earnings
Gain on disposal of capital assets
Total general revenues

Change in net position

Net position, beginning of year, as previously reported
Restatement: correction of error (Note 15)
Net position, beginning of year, as restated
Net position, end of year

See Notes to Basic Financial Statements.

	Net (Expense) Revenue and Changes in Net Position		
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
$ -	$ (63,089,538)	$ -	$ (63,089,538)
-	(49,638,360)	-	(49,638,360)
-	(5,693,579)	-	(5,693,579)
-	(6,990,552)	-	(6,990,552)
-	(9,847,953)	-	(9,847,953)
-	(19,792,703)	-	(19,792,703)
-	(28,950,129)	-	(28,950,129)
-	(5,404,137)	-	(5,404,137)
-	(786,636)	-	(786,636)
-	-	-	-
-	(11,008,362)	-	(11,008,362)
-	(201,201,949)	-	(201,201,949)
-	-	1,033,396	1,033,396
-	-	1,033,396	1,033,396
$ -	$ (201,201,949)	$ 1,033,396	$ (200,168,553)
	75,815,320	-	75,815,320
	13,404,143	-	13,404,143
	12,543,019	-	12,543,019
	12,876,087	-	12,876,087
	779,037	-	779,037
	8,748,496	-	8,748,496
	195,166	-	195,166
	1,276,395	-	1,276,395
	19,022,440	-	19,022,440
	73,014,532	-	73,014,532
	4,131,849	217,292	4,349,141
	22,293	-	22,293
	221,828,777	217,292	222,046,069
	20,626,828	1,250,688	21,877,516
	234,483,153	7,355,434	241,838,587
	6,150,861	-	6,150,861
	240,634,014	7,355,434	247,989,448
	$ 261,260,842	$ 8,606,122	$ 269,866,964

Iowa City Community School District

Balance Sheet
Governmental Funds
June 30, 2024

	General	Capital Projects
Assets		
Cash, cash equivalents and investments	$ 22,536,992	$ 29,750,724
Property taxes receivable:		
Current year	429,762	69,409
Succeeding year	84,046,760	13,106,246
Income surtax receivable	6,986,431	-
Due from other governments	5,626,319	1,750,343
Other receivables	385,129	-
Due from other funds	29,093,296	8,492,371
Prepaid items	67,836	186,460
Total assets	$ 149,172,525	$ 53,355,553
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	$ 1,735,139	$ 10,179,103
Accrued liabilities	17,190,017	17,222
Due to other funds	20,073,735	1,103,189
Total liabilities	38,998,891	11,299,514
Deferred inflows of resources:		
Unavailable revenue - property tax	84,046,760	13,106,246
Unavailable revenue- income surtax	6,986,431	-
Unavailable revenue- other	87,390	-
Total deferred inflows of resources	91,120,581	13,106,246
Fund balances:		
Nonspendable	67,836	186,460
Restricted:		
Categorical funding	2,703,361	-
Physical plant and equipment	-	13,300,496
Manaagement levy	-	-
School infrastructure	-	15,462,837
Debt service	-	-
Unassigned	16,281,856	-
Total fund balances	19,053,053	28,949,793
Total liabilities, deferred inflows of resources and fund balances	$ 149,172,525	$ 53,355,553

See Notes to Basic Financial Statements.

Management Levy	Nonmajor Governmental Funds	Total Governmental Funds
$ 13,077,609	$ 1,873,480	$ 67,238,805
76,047	71,252	646,470
13,000,005	13,468,512	123,621,523
-	-	6,986,431
-	-	7,376,662
-	40	385,169
12,788	-	37,598,455
-	-	254,296
$ 26,166,449	$ 15,413,284	$ 244,107,811

$ -	$ 3,371	$ 11,917,613
-	-	17,207,239
11,373,033	1,547,982	34,097,939
11,373,033	1,551,353	63,222,791
13,000,005	13,468,512	123,621,523
-	-	6,986,431
-	-	87,390
13,000,005	13,468,512	130,695,344
-	-	254,296
-	-	2,703,361
-	-	13,300,496
1,793,411	-	1,793,411
-	-	15,462,837
-	1,376,800	1,376,800
-	(983,381)	15,298,475
1,793,411	393,419	50,189,676
$ 26,166,449	$ 15,413,284	$ 244,107,811

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Iowa City Community School District

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities
June 30, 2024

Total fund balances of governmental funds		$ 50,189,676
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		569,440,241
Receivables not collected within 60 days of year-end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds:		
Income surtax	6,986,431	
Other	87,390	7,073,821
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 Fund are included in governmental activities in the statement of net position.		
Other current assets	18,067,841	
Other current liabilities	(3,331,259)	14,736,582
Internal service funds allocated to business-type activities		(1,199,268)
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pension	27,421,882	
Deferred inflows of resources related to pension	(1,229,263)	
Deferred inflows of resources related to OPEB	(1,293,792)	
Deferred outflows of resources related to OPEB	3,544,568	28,443,395
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of:		
General obligation bonds payable	(149,370,000)	
Revenue bonds payable	(155,890,000)	
Bond premiums	(9,667,168)	
Capital loan note payable	(945,000)	
Accrued interest payable	(886,624)	
IT subscription obligation	(595,997)	
Lease liability	(154,209)	
Compensated absences	(785,184)	
Early retirement	(3,333,899)	
Other postemployment benefits obligation	(16,819,043)	
Net pension liability	(68,976,481)	(407,423,605)
Net position of governmental activities		$ 261,260,842

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, 2024

	General	Capital Projects
Revenues:		
Local sources:		
Property tax	$ 75,815,320	$ 12,543,019
Utility excise tax	520,682	81,035
Income surtax	9,738,350	-
Other tax	126,818	21,370
Tuition	4,174,198	-
Interest	1,831,400	1,799,424
Other	1,817,490	18,000
State sources	101,532,142	19,153,420
Federal sources	13,399,395	-
Total revenues	208,955,795	33,616,268
Expenditures:		
Current:		
Instruction:		
Regular	78,497,021	-
Special	50,321,346	-
Vocational and other	5,873,076	-
Support services:		
Student	7,312,406	-
Instructional	10,411,659	-
Administration	18,693,859	87,501
Operation and maintenance	17,350,659	282,422
Transportation	4,074,188	1,100,257
Noninstructional programs	52,862	778,245
Other expenditures:		
AEA flowthrough	7,299,380	-
Capital outlay	-	85,273,325
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total expenditures	199,886,456	87,521,750
Excess (deficiency) of revenues over (under) expenditures	9,069,339	(53,905,482)
Other financing sources (uses):		
Proceeds from sale of capital asset	24,898	-
Issuance of IT subscription	-	1,053,315
Transfers in	-	-
Transfers out	(192,405)	(15,645,962)
Total other financing sources (uses)	(167,507)	(14,592,647)
Net change in fund balances	8,901,832	(68,498,129)
Fund balances, beginning of year	10,151,221	97,447,922
Fund balances, end of year	$ 19,053,053	$ 28,949,793

See Notes to Basic Financial Statements.

Management Levy	Nonmajor Governmental Funds	Total Governmental Funds
$ 13,404,143	$ 12,876,087	$ 114,638,569
94,133	83,187	779,037
-	-	9,738,350
24,921	22,057	195,166
-	-	4,174,198
-	501,025	4,131,849
-	3,166,592	5,002,082
152,151	134,459	120,972,172
-	-	13,399,395
13,675,348	16,783,407	273,030,818
8,179,622	-	86,676,643
-	-	50,321,346
-	3,799,770	9,672,846
-	-	7,312,406
-	-	10,411,659
1,122,940	550	19,904,850
3,744,536	735	21,378,352
-	573,424	5,747,869
-	-	831,107
-	-	7,299,380
-	-	85,273,325
-	17,702,960	17,702,960
-	11,111,038	11,111,038
13,047,098	33,188,477	333,643,781
628,250	(16,405,070)	(60,612,963)
-	-	24,898
-	-	1,053,315
-	15,838,367	15,838,367
-	-	(15,838,367)
-	15,838,367	1,078,213
628,250	(566,703)	(59,534,750)
1,165,161	960,122	109,724,426
$ 1,793,411	$ 393,419	$ 50,189,676

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Iowa City Community School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities
Year Ended June 30, 2024

Net change in fund balances - total governmental funds		$ (59,534,750)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period. Capital outlay and depreciation/amortization expense in the year are as follows:		
Capital outlay	$ 77,377,871	
Depreciation/amortization expense	(15,758,569)	61,619,302
Proceeds from sale of capital assets	(24,898)	
ain on disposal of capital assets	22,293	(2,605)
Some receivables will not be collected for several months after the District's fiscal year ends, and therefore, are not considered as "available" revenues in the governmental funds. Instead the receivables are deferred inflows of resources. They are, however, recorded as revenues in the statement of activities:		
Income surtax	(989,854)	
Other	(2,237,550)	(3,227,404)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not effect the statement of activities.		
Repayment of principal	17,702,960	
Issuance of IT subscription	(1,053,315)	
Change in accrued interest payable	102,676	16,752,321
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue e pense of the Internal Service Fund is reported with governmental activities.		(4,550,510)
Change in internal service funds allocation to business-type activities		84,047
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.		
Change in compensated absences	170,738	
Change in early retirement	4,746,389	
Change in OPEB expense and related deferrals	(976,787)	
Change in pension expense and related deferrals	5,546,087	9,486,427
Change in net position of governmental activities		$ 20,626,828

See Notes to Basic Financial Statements.

Iowa City Community School District

Statement of Net Position
Proprietary Funds
June 30, 2024

	Business-Type Activities	Governmental Activities
	School Nutrition	Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	$ 11,421,257	$ 17,500,020
Due from other governments	15,165	-
Due from other funds	-	567,821
Inventories	192,883	-
Total current assets	11,629,305	18,067,841
Noncurrent assets:		
Capital assets:		
Furniture and equipment	2,645,722	-
Less accumulated depreciation	(1,711,450)	-
Total noncurrent assets	934,272	-
Total assets	12,563,577	18,067,841
Deferred Outflows of Resources		
Pension related amounts	525,409	-
Total deferred outflows of resources	525,409	-
Liabilities		
Current liabilities:		
Accounts payable	15,791	402,905
Accrued liabilities	30,820	-
Due to other funds	4,068,337	-
Claims payable	-	2,928,354
Unearned revenue	222,027	-
Total current liabilities	4,336,975	3,331,259
Noncurrent liabilities:		
Net pension liability	1,321,604	-
Total noncurrent liabilities	1,321,604	-
Total liabilities	5,658,579	3,331,259
Deferred Inflows of Resources		
Pension related amounts	23,553	-
Total deferred inflows of resources	23,553	-
Net Position		
Net investment in capital assets	934,272	-
Unrestricted	6,472,582	14,736,582
Total net position	$ 7,406,854	$ 14,736,582

See Notes to Basic Financial Statements.

Iowa City Community School District

Reconciliation of Total Enterprise Fund Net Position to Net Position of Business-Type Activities
June 30, 2024

Total net position of enterprise fund	$	7,406,854
Amounts reported for business type activities in the Statement of Net Position are different because:		
The Internal Service Fund is used by the District's management to charge the costs of the self-insurance program to the individual funds. The assets and liabilities of the Internal Service Fund are included with the governmental activities.		1,199,268
Net position of business-type activities	$	8,606,122

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, 2024

	Business-Type Activities	Governmental Activities
	School Nutrition	Internal Service Fund
Operating revenues:		
Local sources:		
Food sales	$ 3,410,012	$ -
Charges for service	-	16,026,249
Employee premiums	-	2,952,420
Total operating revenues	3,410,012	18,978,669
Operating expenses:		
Support services:		
Plant operation and maintenance	43,316	-
Noninstructional programs:		
Salaries	2,719,177	-
Employee benefits	858,173	-
Purchased services	37,600	-
Purchased food	3,258,279	-
Supplies	1,172,219	-
Other	13,750	-
Depreciation	114,500	-
Claims and administrative fees	-	23,454,935
Total operating expenses	8,217,014	23,454,935
Operating (loss)	(4,807,002)	(4,476,266)
Nonoperating revenues (expenses):		
Interest income	217,292	-
Interest expense	-	(74,244)
State appropriations	53,556	-
Federal appropriations	5,870,889	-
Total nonoperating revenues (expenses)	6,141,737	(74,244)
Change in net position	1,334,735	(4,550,510)
Net position, beginning of year	6,072,119	19,287,092
Net position, end of year	$ 7,406,854	$ 14,736,582

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, 2024

Net changes in net position in the enterprise fund	$	1,334,735
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 expnese of certain activities of internal service funds is reported with business-type activities.		(84,047)
Net position of governmental activities	$	1,250,688

See Notes to Basic Financial Statements.

Iowa City Community School District

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2024

	Business-Type Activities	Governmental Activities
	School Nutrition	Internal Service Fund
Cash flows from operating activities:		
Cash received from user charges	$ 3,482,723	$ 18,978,669
Cash payments to employees for services	(3,743,929)	-
Cash payment for claims and administrative	-	(21,609,149)
Cash payments to suppliers for goods or services	(3,947,633)	-
Net cash (used in) operating activities	(4,208,839)	(2,630,480)
Cash flows from noncapital financing activities:		
Proceeds from other funds	3,963,899	432,179
Payments to other funds	-	(3,622)
State grants received	53,556	-
Federal grants received	5,327,222	-
Net cash provided by noncapital financing activities	9,344,677	428,557
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(430,330)	-
Net cash (used in) capital and related financing activities	(430,330)	-
Cash flows from investing activities, interest received (paid)	217,292	(74,244)
Net increase (decrease) in cash and cash equivalents	4,922,800	(2,276,167)
Cash and cash equivalents, beginning of year	6,498,457	19,776,187
Cash and cash equivalents, end of year	$ 11,421,257	$ 17,500,020

(Continued)

Iowa City Community School District

Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2024

	Business-Type Activities	Governmental Activities
	School Nutrition	Internal Service Fund
Reconciliation of operating (loss) to net cash (used in) operating activites:		
Operating (loss)	$ (4,807,002)	$ (4,476,266)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	114,500	-
Federal commodities used	640,325	-
Change in assets and liabilities:		
(Increase) in inventories	(64,336)	-
Increase in accounts payable and accrued liabilities	1,542	402,905
Increase in claims payable	-	1,442,881
Increase in unearned revenues	72,711	-
(Decrease) in net pension liability and related deferred outflows/inflows	(166,579)	-
Net cash (used in) operating activities	$ (4,208,839)	$ (2,630,480)
Schedule of noncash items		
Noncapital financing activities, federal commodities	$ 640,325	$ -

See Notes to Basic Financial Statements.

Iowa City Community School District

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

	Private Purpose Trust Funds
Assets	
Cash and pooled investments	$ 154,601
Total assets	154,601
Liabilities	
Other payables	14,649
Total liabilities	14,649
Net Position	
Assets held in trust	$ 139,952

See Notes to Basic Financial Statements.

Iowa City Community School District

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2024

	Private Purpose Trust Funds
Additions	
Local sources:	
Interest income	$ 1,486
Fundraising and donations	129,936
Total additions	131,422
Deductions	
Administrative expenses	168,855
Total deductions	168,855
Change in net position	(37,433)
Net position, beginning of year as previously stated	71,576
Restatement: correction of an error (Note 15)	105,809
Net position, beginning of year, as restated	177,385
Net position, end of year	$ 139,952

See Notes to Basic Financial Statements.

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Note 1. Summary of 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.

Jointly governed organizations: 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.

Basis of presentation:

The District's financial statements are prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) that applies to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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. 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 service.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvements of those assets. Net investment in capital assets excludes unspent debt proceeds totaling $20,275,827.

Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of June 30, 2024, the District had $2,703,361 restricted for categorical funding, $13,991,753 restricted for physical plant and equipment levy, $1,376,800 restricted for debt service, $4,861,316 restricted for school infrastructure, and $1,793,411 restricted for management levy.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

When an expense is incurred which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted net position.

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

Fund financial statements: Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. All nonmajor governmental funds are aggregated and reported in a single column.

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:

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

The Management Levy Fund, a special revenue fund, accounts for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

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

Special Revenue Funds: Are used to account for the revenue sources that are legally restricted to expenditures for specific purposes:

The Student Activity Fund accounts for money held by the District on behalf of the students who have raised these funds and are responsible for their disposition for co-curricular and extracurricular activities of the District.

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

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 major.

The School Nutrition Fund accounts for the food service operations of the District.

Additionally, the internal service fund type consists of the Self-Insurance Fund, which accounts for the financing of services provided by one department to the other departments of the District on a cost reimbursement basis. The District uses the fund for the purposes of providing self-insurance for health and dental claims for District employees and retirees.

The District also reported fiduciary funds. The Fiduciary Funds focus on net position and changes in net position and report on the accrual basis of accounting. The Private Purpose Trust Funds are utilized to account for assets held by the District in a fiduciary capacity according to the terms of the donor's request.

Measurement focus and basis of accounting:

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases 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 revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

Significant accounting policies:

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

Cash, cash equivalents and investments: The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and nonnegotiable certificates of deposit, which are stated at cost.

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

Property tax receivable: Property tax in governmental funds is accounted for using the modified accrual basis of accounting. Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year.

Note 1. Summary of Significant Accounting Policies (Continued)

Although the succeeding year property tax receivable has been recorded, the related revenue is a deferred inflow of resources in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with 1½ percent per month penalty for delinquent payments; is based on January 1, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2023.

Due from other governments: Due from other governments represents amounts due from the state of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories: Inventories 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.

Prepaid expenses and Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the District-wide financial statements and prepaid items in the fund financial statements on the consumption method.

Capital assets: Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets, donated works of art and similar items are recorded at 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.

Asset Class	Amount
Buildings	$ 5,000
Improvements other than buildings	5,000
Right to use assets	5,000
Furniture and equipment	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000
Vehicles	5,000

Note 1. Summary of Significant Accounting Policies (Continued)

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20 years
Right-to-use assets	5 years
Furniture and equipment, School Nutrition Fund	12 years
Furniture and equipment, other	5 years
Vehicles, School Nutrition Fund	5 years
Vehicles, other	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.

Salaries and benefits payable: Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities included with accrued liabilities.

Unearned revenue: Proprietary funds defer revenue recognition in connection with resources that have been received but not earned. Unearned revenue in the governmental funds arises when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenue consists of cash receipts for meals in the School Nutrition Fund collected for meals to be provided in the next school year.

Compensated absences: District employees accumulate a limited amount of earned but unused vacation and sick leave 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 fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2024. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Leases: The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the proprietary fund statements and the government-wide financial statements.

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

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

Subscription-Based Information Technology Arrangements (SBITA) – The District has entered into contracts that convey control of the right to use information technology software. The District has recognized IT subscription liabilities and intangible right-to-use IT subscription assets in the government-wide financial statements.

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

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

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

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

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

Right-to-use IT subscription assets are reported with other capital assets and IT subscription liabilities are reported with long-term debt on the statement of net position.

Note 1. Summary of Significant Accounting Policies (Continued)

Long-term obligations: 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 become due. Proceeds from the issuance of long-term debt is reported as other financing sources. In the fund financial statements, governmental fund types recognize bond premiums and discounts through current year operations. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Discounts are reported as other financing 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 discounts are amortized over the life of the contracts using a method which approximates the effective interest method.

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

Total OPEB Liability: For purposes of measuring total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

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" or "advances 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".

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

Nonspendable: Balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain 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 determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Note 1. Summary of Significant Accounting Policies (Continued)

Assigned: Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The authority to assign fund balances has been delegated to the Chief Financial Officer.

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.

When an expenditure is incurred for purposes for which amounts in the restricted, committed, assigned, or unassigned fund balance classifications could be used, the District's policy is generally to first apply the expenditure to restricted fund balance and then to less restrictive classifications – committed, assigned and then unassigned fund balances.

Deferred outflows/inflows of resources: In addition to assets, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District's deferred outflows of resources consist of unrecognized items not yet charged to pension expense or other postemployment benefit expense, contributions from the employer after the measurement date but before the end of the employer's reporting period.

In addition to liabilities, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from property taxes, income surtax, tuition, and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

In the District's government-wide statements, the property tax revenues remain a deferred inflow and will be recognized as revenue in the year for which they are levied and budgeted for. The District's government-wide statements also include the unrecognized items not yet charged to pension expense or other postemployment benefit expense.

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. The District overexpended the other expenditures function by $19,502,993 in 2024.

Note 2. Cash, Cash Equivalents and Investments

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

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

At June 30, 2024, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) Diversified Fund which are valued at amortized cost of $58,867,864 pursuant to Rule 2a-7 under the investment Company Act of 2040. There were no limitations or restrictions on withdrawals of the ISJIT investments.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets or identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2024, the Districts investments were as follows:

		Investment Maturities (in Years)					Rating	
Investment Pools	Fair Value	<1	1-5	6-10	>10	Level Input	Standard & Poor	Fitch
Iowa Schools Joint Investment Trust:								
Diversified fund	$45,867,864	$45,867,864	$ -	$ -	$ -	N/A	AAAm	N/A
Certificate of deposits	13,000,000	13,000,000	-	-	-	N/A	N/A	N/A
Total	$58,867,864	$58,867,864	$ -	$ -	$ -			

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.

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.

Note 2. Cash, Cash Equivalents and Investments (Continued)

As of June 30, 2024, 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. The District had no custodial credit risk with regards to investments as all investments 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	$ 37,446,819
Iowa Schools Joint Investment Trust	58,867,864
Total cash, cash equivalents and investments	$ 96,314,683
Government-wide statement of net position	$ 96,160,082
Statement of fiduciary net position	154,601
Total cash, cash equivalents and investments	$ 96,314,683

Note 3. Interfund Balances and Interfund Transfers

The detail of interfund balances as of June 30, 2024 is as follows:

	Due From Other Funds	Due To Other Funds
Major Funds:		
General Fund	$ 29,093,296	$ 20,073,735
Capital Projects Fund	8,492,371	1,103,189
Management Levy Fund	12,788	11,373,033
Nonmajor governmental funds	-	1,547,982
Nonmajor enterprise funds	-	4,068,337
Internal Service Funds	567,821	-
Total	$ 38,166,276	$ 38,166,276

The interfund balances are a result of cash flowing expenditures of other funds.

The detail of interfund transfers for the year ended June 30, 2024 is as follows:

	Transfer In	Transfer Out
General Fund	$ -	$ 192,405
Capital Projects Fund	-	15,645,962
Nonmajor governmental funds	15,838,367	-
Total	$ 15,838,367	$ 15,838,367

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. Transfers to the Debt Service Fund are for required principal and interest payments for the statewide sales, services and use tax revenue bonds. The transfer from the General Fund to the nonmajor governmental Student Activity Fund was authorized for protective gear.

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2024 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	$ 15,798,273	$ -	$ -	$ 15,798,273
Construction in progress	30,731,363	74,414,988	19,321,843	85,824,508
Total capital assets not being depreciated/amortized	46,529,636	74,414,988	19,321,843	101,622,781
Capital assets being depreciated/amortized:				
Buildings	548,617,177	13,845,744	-	562,462,921
Improvements other than buildings	45,231,615	5,476,098	-	50,707,713
Furniture, equipment and vehicles	32,199,389	1,841,761	50,622	33,990,528
Right-to-use lease equipment	263,145	-	-	263,145
Right-to-use IT subscription	86,705	1,121,123	48,525	1,159,303
Total capital assets being depreciated/amortized	626,398,031	22,284,726	99,147	648,583,610
Less accumulated depreciation and amortization for:				
Buildings	120,866,610	11,877,573	-	132,744,183
Improvements other than buildings	16,322,633	1,965,717	-	18,288,350
Furniture, equipment and vehicles	27,792,224	1,468,682	48,017	29,212,889
Right-to-use lease equipment	61,404	52,629	-	114,033
Right-to-use IT subscription	61,252	393,968	48,525	406,695
Total accumulated depreciation and amortization	165,104,123	15,758,569	96,542	180,766,150
Total capital assets being depreciated/amortized, net	461,293,908	6,526,157	2,605	467,817,460
Governmental activities capital assets, net	$ 507,823,544	$80,941,145	$19,324,448	$569,440,241

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Capital assets being depreciated, Furniture and equipment	$ 2,215,392	$ 430,330	$ -	$ 2,645,722
Less accumulated depreciation for, Furniture and equipment	1,596,950	114,500	-	1,711,450
Business-type activities capital assets, net	$ 618,442	$ 315,830	$ -	$ 934,272

Note 4. Capital Assets (Continued)

Depreciation and amortization expense was charged by the District to the following functions:

Governmental activities:	
Instruction:	
Regular	$ 10,505,190
Special	1,517,645
Other	1,601,032
Support services:	
Administration	1,606,090
Plant operation and maintenance	520,405
Transportation	8,207
Total governmental activities depreciation and amortization expense	$ 15,758,569
Business-type activities:	
School nutrition	$ 114,500
Total business-type activities depreciation expense	$ 114,500

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2024 is as follows:

	Restated Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	$ 156,815,000	$ -	$ 7,445,000	$ 149,370,000	$ 8,120,000
Premiums	9,667,168	-	-	9,667,168	-
Net general obligation bonds	166,482,168	-	7,445,000	159,037,168	8,120,000
Direct borrowings:					
Revenue bonds	164,695,000	-	8,805,000	155,890,000	8,960,000
Capital loan note	1,865,000	-	920,000	945,000	945,000
Total bonds	333,042,168	-	17,170,000	315,872,168	18,025,000
Other long-term liabilities:					
Compensated absences	955,922	-	170,738	785,184	785,184
Early retirement	8,080,288	3,431,374	8,177,763	3,333,899	3,260,667
Lease obligations	205,142	-	50,933	154,209	52,712
IT subscription obligations	24,709	1,053,315	482,027	595,997	295,742
Total OPEB liability	13,009,704	3,809,339	-	16,819,043	813,969
Net pension liability	60,123,766	8,852,715	-	68,976,481	-
Total other	82,399,531	17,146,743	8,881,461	90,664,813	5,208,274
Total governmental activities	$ 415,441,699	$ 17,146,743	$ 26,051,461	$ 406,536,981	$ 23,233,274
Business-type activities:					
Net pension liability	$ 1,227,016	$ 94,588	$ -	$ 1,321,604	$ -

Note 5. Long-Term Liabilities (Continued)

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, 2024, principal and interest paid were $50,933 and $6,259 respectively. Lease liability maturities are as follows:

	Lease		
Year ending June 30:	Principal	Interest	Total
2025	$ 52,712	$ 4,480	$ 57,192
2026	54,558	2,634	57,192
2027	46,939	743	47,682
Totals	$ 154,209	$ 7,857	$ 162,066

Subscription-based liability: The District entered into several subscription agreements for IT programs to provide curricular and IT environment support. Certain agreements required the District to pay the cost of the subscription cost at that start of the agreement. During the year ended June 30, 2024, principal and interest paid were $482,027 and $222 respectively. Subscription-based liability maturities are as follows:

	SBITA		
Year ending June 30:	Principal	Interest	Total
2025	$ 295,742	$ 21,899	$ 317,641
2026	300,255	11,139	311,394
Totals	$ 595,997	$ 33,038	$ 629,035

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 Education 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).

For fiscal year 2024 and 2023, benefits offered to District employees were a District contribution to a Special Pay Deferral Plan (SPDP), the amount of which varied between 85% to 100% based on application date and the employee's final year base salary, less any supplemental or extended contract pay. Additionally, for fiscal year 2024 and 2023, employees could receive up to 20 sick days paid out, also based on application date.

Note 5. Long-Term Liabilities (Continued)

Early retirement benefits paid from the Special Revenue, Management Levy Fund during the year ended June 30, 2024, totaled $8,177,763. There were 54 new employee elections in fiscal year 2024. Therefore, at June 30, 2024, the District had obligations to 58 participants with a total liability of $3,333,899.

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.

Bonds payable: Details of the District's general obligation bond, general obligation notes and revenue bonds indebtedness as of June 30, 2024 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.

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.

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 Annual Principal and Interest Requirements			General Obligation Bonds- Series 2019 Annual Principal and Interest Requirements		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 2,365,000	$ 1,252,580	$ 3,617,580	$ 3,015,000	$ 2,267,625	$ 5,282,625
2026	2,485,000	1,134,330	3,619,330	3,110,000	2,116,875	5,226,875
2027	2,605,000	1,010,080	3,615,080	3,215,000	1,961,375	5,176,375
2028	2,710,000	905,880	3,615,880	3,320,000	1,800,625	5,120,625
2029	2,780,000	838,130	3,618,130	3,435,000	1,634,625	5,069,625
2030-2034	15,080,000	3,004,585	18,084,585	19,080,000	5,700,575	24,780,575
2035-2039	10,190,000	662,653	10,852,653	18,000,000	1,703,038	19,703,038
Totals	$38,215,000	$ 8,808,238	$ 47,023,238	$ 53,175,000	$ 17,184,738	$ 70,359,738

Year Ending June 30:	General Obligation Bonds- Series 2020 Annual Principal and Interest Requirements			Total		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 2,740,000	$ 1,826,481	$ 4,566,481	$ 8,120,000	$ 5,346,686	$ 13,466,686
2026	2,910,000	1,689,481	4,599,481	8,505,000	4,940,686	13,445,686
2027	3,250,000	1,543,981	4,793,981	9,070,000	4,515,436	13,585,436
2028	3,415,000	1,381,481	4,796,481	9,445,000	4,087,986	13,532,986
2029	3,585,000	1,210,731	4,795,731	9,800,000	3,683,486	13,483,486
2030-2034	19,760,000	4,215,069	23,975,069	53,920,000	12,920,229	66,840,229
2035-2039	22,320,000	1,661,988	23,981,988	50,510,000	4,027,679	54,537,679
Totals	$57,980,000	$13,529,212	$ 71,509,212	$ 149,370,000	$ 39,522,188	$ 188,892,188

Note 5. Long-Term Liabilities (Continued)

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).

	Capital Loan Notes		
	Annual Principal and Interest Requirements		
Year ending June 30:	Principal	Interest	Total
2025	$ 945,000	$ 21,263	$ 966,263

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.

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.

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.

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.

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.

Note 5. Long-Term Liabilities (Continued)

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 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 $199,195,546, payable through 2038. For the current year, principal and interest paid were $14,146,858 and total incremental sales tax revenues were $19,022,440.

Note 5. Long-Term Liabilities (Continued)

Year Ending June 30:	Series 2016 Annual Principal and Interest Requirements			Series 2017 Annual Principal and Interest Requirements		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 855,000	$ 100,575	$ 955,575	$ 960,000	$ 128,000	$ 1,088,000
2026	875,000	81,338	956,338	980,000	103,424	1,083,424
2027	895,000	61,650	956,650	1,000,000	78,336	1,078,336
2028	915,000	41,513	956,513	1,020,000	52,736	1,072,736
2029	930,000	20,925	950,925	1,040,000	26,624	1,066,624
Totals	$ 4,470,000	$ 306,001	$ 4,776,001	$ 5,000,000	$ 389,120	$ 5,389,120

Year Ending June 30:	Series 2017B Annual Principal and Interest Requirements			Series 2018 Annual Principal and Interest Requirements		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 1,840,000	$ 232,526	$ 2,072,526	$ 800,000	$ 141,405	$ 941,405
2026	1,895,000	188,734	2,083,734	830,000	115,005	945,005
2027	1,950,000	143,633	2,093,633	855,000	87,615	942,615
2028	2,010,000	97,223	2,107,223	885,000	59,400	944,400
2029	2,075,000	49,385	2,124,385	915,000	30,195	945,195
Totals	$ 9,770,000	$ 711,501	$ 10,481,501	$ 4,285,000	$ 433,620	$ 4,718,620

Year Ending June 30:	Series 2022A Annual Principal and Interest Requirements			Series 2023 Annual Principal and Interest Requirements		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 25,000	$ 2,181,855	$ 2,206,855	$ 4,480,000	$ 2,487,184	$ 6,967,184
2026	20,000	2,181,020	2,201,020	4,640,000	2,320,976	6,960,976
2027	15,000	2,180,352	2,195,352	4,815,000	2,148,832	6,963,832
2028	10,000	2,179,851	2,189,851	4,985,000	1,970,196	6,955,196
2029	-	2,179,517	2,179,517	5,175,000	1,785,252	6,960,252
2030-2034	30,485,000	8,393,921	38,878,921	17,260,000	6,732,166	23,992,166
2035-2038	34,770,000	1,789,572	36,559,572	25,685,000	2,934,610	28,619,610
Totals	$ 65,325,000	$21,086,088	$ 86,411,088	$ 67,040,000	$20,379,216	$87,419,216

Year Ending June 30:	Total Annual Principal and Interest Requirements		
	Principal	Interest	Total
2025	$ 8,960,000	$ 5,271,545	$ 14,231,545
2026	9,240,000	4,990,497	14,230,497
2027	9,530,000	4,700,418	14,230,418
2028	9,825,000	4,400,919	14,225,919
2029	10,135,000	4,091,898	14,226,898
2030-2034	47,745,000	15,126,087	62,871,087
2035-2038	60,455,000	4,724,182	65,179,182
Totals	$ 155,890,000	$43,305,546	$199,195,546

Note 5. Long-Term Liabilities (Continued)

As of June 30, 2024, the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	$ 12,805,030,133
Debt limit, 5% of total assessed valuation	$ 640,251,507
Amount of debt applicable to debt limit:	
General Obligation Bonds	149,370,000
Capital Loan Note	945,000
Lease obligations	154,209
IT subscription obligations	595,997
Total indebtedness	151,065,206
Legal debt margin	$ 489,186,301

Note 6. Other Postemployment Benefits (OPEB)

Plan description: The District's defined benefit OPEB plan, Iowa City Community School District Postemployment Plan Other Than Pensions (the Plan), provides postemployment benefits for eligible participants enrolled in its plans. The Plan is a single employer defined benefit OPEB plan administered by the District. Under Chapter 509A.13 of the Code of Iowa, "Group Insurance for Public Employees," If a governing body has procured insurance for its employees, the governing body shall allow its employees who retired before the age of sixty-five years of age to continue participation in the group plan at the employee's own expense until the employee attains sixty-five years of age. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided: The Plan provides healthcare benefits including medical and prescription drug benefits for retirees and their dependents. Retiree health care coverage is available to pre-age 65 eligible retirees. All employees are required to contribute the full premium in order to continue coverage at retirement. The full monthly premium rates as of July 1, 2024 for each plan are as shown below:

Rate Tier	Medical
Single	$ 675
Family	1,400

Employees covered by benefit terms: At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	162
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	2,302
	2,464

Note 6. Other Postemployment Benefits (OPEB) (Continued)

Total OPEB Liability
The District's total OPEB liability of $16,819,043 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2024.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2024 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	3.00%
Discount rate	3.93%
Retirees' share of benefit-related costs	100%
Health care cost trend rate	7.75% The trend rate gradually decreasing until reaching the ultimate trend rate of 4.0%

The discount rate was based on the Bond Buyer 20-Bond GO index. Mortality rates were based on the Pub-2016 generational table scaled using MP-2021 and applied on a gender-specific basis. The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period 2010– 2021.

Changes in the Total OPEB Liability

	Increase (Decrease) Total OPEB Liability (a)
Balance at July 1, 2023	$ 13,009,704
Changes for the year:	
Service cost	1,167,885
Interest	502,627
Changes of benefit terms	-
Differences between expected and actual experience	2,201,605
Changes in assumptions or other inputs	751,191
Benefit payments	(813,969)
Net changes	3,809,339
Balance at June 30, 2024	$ 16,819,043

There were no changes as a result of changes in benefit terms. The discount rate was 3.65% per annum in 2023 and 3.93% per annum in 2024.

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 total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 2.93%	Discount Rate 3.93%	1% Increase 4.93%
Total OPEB liability	$ 18,254,000	$ 16,819,043	$ 15,519,000

Note 6. Other Postemployment Benefits (OPEB) (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents that 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 or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	6.75%	7.75%	8.75%
Total OPEB liability	$ 14,986,000	$ 16,819,043	$ 19,011,000

For the year ended June 30, 2024, the District recognized OPEB expense of $1,791,000. At June 30, 2024, 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	$ 2,599,210	$ 698,094
Changes of assumptions or other inputs	945,358	595,698
Net difference between projected and actual investments	-	-
Total	$ 3,544,568	$ 1,293,792

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

Year ended June 30:	
2025	$ 120,244
2026	120,244
2027	120,244
2028	120,244
2029	120,244
Thereafter	1,649,556
	$ 2,250,776

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 Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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.

Note 7. Pension and Retirement Benefits (Continued)

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

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

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

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

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

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

In fiscal year 2024, pursuant to the required rate, Regular members contributed 6.29 percent of covered payroll and the District contributed 9.44 percent of covered payroll for a total rate of 15.73 percent.

The District's contributions to IPERS for the year ended June 30, 2024 were $12,752,201.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the District reported a liability of $70,298,085 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2023, the District's proportion was 1.557450 percent, which was an increase of 0.011738 percent from its proportion measured as of June 30, 2022.

Note 7. Pension and Retirement Benefits (Continued)

For the year ended June 30, 2024, the District recognized pension expense of $6,995,315. At June 30, 2024, 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	$ 5,947,313	$ 288,950
Changes of assumptions	-	1,117
Net difference between projected and actual earnings on pension plan investments	6,510,455	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,737,322	962,749
District contributions subsequent to the measurement date	12,752,201	-
Total	$ 27,947,291	$ 1,252,816

$12,752,201 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2025	$ (1,075,208)
2026	(4,674,553)
2027	16,484,470
2028	2,915,648
2029	291,917
Thereafter	-
Total	$ 13,942,274

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of Inflation (effective June 30, 2017)	2.60 percent per annum
Salary Increases (effective June 30, 2017)	3.25 percent to 16.25 percent average, including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 2017)	7.00 percent, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25 percent per annum, based on 2.60 percent inflation and 0.65 percent real wage inflation

Note 7. Pension and Retirement Benefits (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021. Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.0%	4.56%
International equity	16.5%	6.22%
Global smart beta equity	5.0%	5.22%
Core plus fixed income	23.0%	2.69%
Public credit	3.0%	4.38%
Cash	1.0%	1.59%
Private equity	17.0%	10.44%
Private real assets	9.0%	3.88%
Private credit	4.5%	4.60%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, 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 7.0 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension liability	$ 149,469,390	$ 70,298,085	$ 3,951,222

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 is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan – At June 30, 2024, the District reported payables to the defined benefit pension plan of $1,281,263 for legally required employer contributions and $853,723 for 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 18 members as of June 30, 2023. 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 2024, 2023 or 2022. Payments to IPSIP by the District in order to maintain adequate insurance coverage in fiscal year 2024 was $3,627,732.

Employee health insurance: During the year ended June 30, 2024, 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.

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, 2024 and 2023 were as follows:

Self-Insurance Liability	Beginning	Claims and Changes in Estimates	Claims Payments	Ending
2024	$ 1,485,473	$22,645,693	$21,202,812	$2,928,354
2023	1,515,321	18,352,763	18,382,611	1,485,473

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled $7,299,380 for the year ended June 30, 2024 and is recorded in the General Fund.

Note 10. Categorical Funding

The District's fund balance restricted for categorical funding as of June 30, 2024 is comprised of the following programs:

Program	Amount
Gifted and talented	$ 104,269
Home school assistance program	1,330,624
4 year old preschool	1,192,886
Dropout prevention	9,899
Beginning teacher	25,058
Teacher market quality factor	17,147
Other	23,478
Total	$ 2,703,361

Note 11. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

The District has entered contract commitments with contractors for the completion of several construction projects. The total contract commitments are $103,131,734 of which $68,470,306 has been incurred as of June 30, 2024. The unpaid commitment balance is $34,661,428. General obligation bonds will provide funding for these future expenditures.

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 $18,592,000 as of June 30, 2024. 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, 2024.

Note 12. 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 2024, monthly payments were approximately $9,700 per month, which were paid from the General Fund and the Physical Plant and Equipment Levy account of the Capital Projects 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 13. Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2024 under tax abatement agreements of other entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Iowa City, Iowa	Urban renewal and economic development projects	$ 791,185
City of North Liberty, Iowa	Urban renewal and economic development projects	57,923
City of University Heights, Iowa	Urban renewal and economic development projects	544,662
City of Coralville, Iowa	Urban renewal and economic development projects	873,372

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, 2024, this reimbursement amounted to $966,232.

Note 14. Governmental Accounting Standards Board (GASB) Pronouncements

The District adopted the following statement during the year ended June 30, 2024:

GASB Statement No. 100, *Accounting Changes and Error Corrections- An Amendment of GASB Statement No. 62*, issued June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

The above statement did not have a material impact on the District's Financial Statements.

Note 14. Governmental Accounting Standards Board (GASB) Pronouncements (Continued)

As of June 30, 2024, GASB had issued several statements not yet required to be implemented by the District. The Statements which might impact the District are as follows:

GASB Statement No. 101, *Compensated Absences*, issued June 2022, will be effective for the District beginning with its fiscal year ending June 30, 2025. The objective of this Statement 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.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirements to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (As long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB Statement No. 102, *Certain Risk Disclosures*, issued December 2023, will be effective for the District beginning with its fiscal year ending June 30, 2025. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should provide information 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 associated with the concentration or constraint. The disclosures should include descriptions of the following: (a) The concentration or constraint (b) Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (c) Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

GASB Statement No. 103, *Financial Reporting Model Improvements*, issued April 2024, will be effective for the District beginning with its fiscal year ending June 30, 2026. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues.

GASB Statement No. 104, *Disclosure of Certain Capital Assets,* issued September 2024, will be effective for the District beginning with its fiscal year ending June 30, 2026. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale.

Note 14. Governmental Accounting Standards Board (GASB) Pronouncements (Continued)

GASB Statement No. 105, *Subsequent Events*, issued December 17, 2025, will be effective for the District beginning with its fiscal year ending June 30, 2027. This Statement is intended to enhance consistency in the application of requirements for subsequent events. The Statement defines subsequent events as transactions or other events that occur after the date of the financial reporting statements but before the date the financial statements are available to be issued. The definition of subsequent events in this Statement modifies the subsequent events time frame throughout the GASB literature. Statement No. 105 also clarifies the different types of subsequent events, when note disclosures are required, and the information that should be included in those note disclosures.

The District's management has not yet determined the effect these Statements will have on the District's financial statements.

Note 15. Restatement

The District's beginning net position for Governmental Activities has been restated to correct prior-period accounting errors regarding the recognition of Iowa school district income surtax, amortization of bond premium and early retirement liability.

In the prior year, a surtax receivable was correctly recorded; however, it was reported as a deferred inflow of resources in both the fund financial statements and the government-wide financial statements. Under the full accrual basis of accounting used for the government-wide statements, the revenue should have been recognized when the underlying exchange occurred (the income tax year), regardless of "availability." Consequently, beginning net position has been increased by the amount of the surtax that should have been recognized as revenue in the prior period.

The District's general obligation bond premiums for the Series 2017, Series 2019, and Series 2020 were over amortized in prior years resulting in an under accrual of the general obligation bond liability. Consequently, beginning net position has been decreased by the amount of the of the previous over amortization.

In 2023, the District's early retirement incentive included a 20-day sick day benefit based on the date the employee submitted their application for early retirement. This amount was excluded from the liability calculation and resulted in an under accrual of the liability. Consequently, beginning net position has been decreased by the amount of the of the previous under accrual of the early retirement liability.

Governmental Activities	
Beginning net position, as previously stated	$ 234,483,153
Income surtax revenue	7,976,285
General obligation bonds premium	(955,100)
Early retirement liability	(870,324)
Beginning net position, as restated	$ 240,634,014

Note 15. Restatement (Continued)

In addition, the District had three private purpose trust funds that were not properly included in the June 30, 2023 report. The beginning net position of the private purpose trust funds was restated as follows to include all of the private purpose trust funds.

Fiduciary Funds, Private Purpose Trust Funds		
Beginning net position, as previously stated	$	71,576
School Children's Aid		13,378
Opportunity Fund		2,188
School Based Health Clinics		90,243
Beginning net position, as restated	$	177,385

The District previously reported the Physical Plant and Equipment Levy account, the Statewide Sales, Services and Use Tax account and the Other account as separate capital project funds. These accounts have been combined in the current year presentation as the Capital Projects Fund.

In addition, the Debt Service Fund was reported as a major fund in the 2023 financial report and due to major fund determination criteria has been reported as nonmajor in the current year. The Management Levy Fund was reported as a nonmajor fund in the 2023 financial report and due to major fund determination criteria has been reported as a major fund in the current year. This resulted in a change to governmental funds beginning fund balance as follows:

Governmental Activities	**Major**	**Nonmajor**	**Total**
Beginning net position, as previously stated	$106,079,419	$ 3,645,007	$109,724,426
Reclassification of capital projects funds	2,448,295	(2,448,295)	-
Debt service	(928,571)	928,571	-
Management levy	1,165,161	(1,165,161)	-
Beginning net position, as restated	$108,764,304	$ 960,122	$109,724,426

Note 16. Deficit Fund Balances

At June 30, 2024, the Student Activity Fund had a deficit fund balance of $983,381, resulting from expenditures in excess of total revenues.

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Iowa City Community School District

Required Supplementary Information
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Actual to Budget - All Governmental Funds and Enterprise Funds
Year Ended June 30, 2024

	Governmental Funds - Actual	Enterprise Funds - Actual
Revenues:		
Local sources	$ 138,659,251	$ 3,627,304
State sources	120,972,172	53,556
Federal sources	13,399,395	5,870,889
Total revenues	273,030,818	9,551,749
Expenditures/expenses:		
Current:		
Instruction	146,670,835	-
Support services	64,755,136	43,316
Noninstructional programs	831,107	8,173,698
Other expenditures	121,386,703	-
Total expenditures/expenses	333,643,781	8,217,014
Excess (deficiency) of revenues over (under) expenditures/expenses	(60,612,963)	1,334,735
Other financing sources (uses), net	1,078,213	-
Net change in fund balances:	(59,534,750)	1,334,735
Balance, beginning of year	109,724,426	6,072,119
Balance, end of year	$ 50,189,676	$ 7,406,854

See Notes to Required Supplementary Information.

Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
$ 142,286,555	$ 151,787,811	$ 151,787,811	$ (9,501,256)
121,025,728	101,181,767	101,181,767	19,843,961
19,270,284	14,400,000	14,400,000	4,870,284
282,582,567	267,369,578	267,369,578	15,212,989
146,670,835	143,700,000	147,580,000	909,165
64,798,452	65,983,000	70,143,000	5,344,548
9,004,805	8,300,000	9,860,000	855,195
121,386,703	87,313,864	101,883,710	(19,502,993)
341,860,795	305,296,864	329,466,710	(12,394,085)
(59,278,228)	(37,927,286)	(62,097,132)	2,818,904
1,078,213	45,000	45,000	1,033,213
(58,200,015)	$ (37,882,286)	$ (62,052,132)	$ 3,852,117
115,796,545			
$ 57,596,530			

Iowa City Community School District

Required Supplementary Information
Schedule of Changes in the District's Total OPEB
Liability and Related Ratios
Last Seven Fiscal Years

	2024	2023
Total OPEB liability		
Changes for the year:		
Service cost	$ 1,167,885	$ 1,147,290
Interest	502,627	460,333
Changes of benefit terms	-	-
Differences between expected and actual experience	2,201,605	-
Changes in assumptions or other inputs	751,191	(123,857)
Benefit payments	(813,969)	(661,062)
Net changes in total OPEB liability	3,809,339	822,704
Total OPEB liability - beginning	13,009,704	12,187,000
Total OPEB liability - ending	$ 16,819,043	$ 13,009,704
Covered employee payroll	$ 132,192,472	$ 100,872,000
Total OPEB liability as a percentage of covered employee payroll	12.72%	12.90%

Notes to Schedule:
Changes of benefit terms:
There were no changes as a result of changes in benefit terms.

Changes of assumption:

The following are the discount rates used in each period:	3.93%	3.65%

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

* The schedule is intended to present information for ten years.
Information prior to 2018 is not available.

2022	2021	2020	2019	2018
$ 1,034,983	$ 1,004,245	$ 1,212,628	$ 1,107,946	$ 1,066,666
265,008	249,513	402,823	387,356	352,150
-	-	-	-	-
619,050	-	-	-	-
(412,092)	46,032	(988,072)	354,106	(245,309)
(552,558)	(706,202)	(569,938)	(338,147)	(272,000)
954,391	593,588	57,441	1,511,261	901,507
11,232,609	10,639,021	10,581,580	9,070,319	8,168,812
$ 12,187,000	$ 11,232,609	$ 10,639,021	$ 10,581,580	$ 9,070,319
$ 97,461,118	$ 104,937,000	$ 101,388,150	$ 113,399,974	$ 106,067,467
12.50%	11.00%	10.00%	9.00%	9.00%
3.54%	2.16%	2.21%	3.50%	3.87%

Iowa City Community School District

Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Ten Fiscal Years

	2024*	2023*	2022*	2021*
District's proportion of the net pension liability	1.557450%	1.545712%	1.465393%	1.468799%
District's proportionate share of the net pension liability	$ 70,298,085	$ 61,350,782	$ 2,054,352	$ 102,459,357
District's covered payroll	$ 136,727,203	$ 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	51.41%	46.92%	1.73%	88.53%
Plan fiduciary net pension as a percentage of the total pension liability	90.13%	91.40%	100.81%	82.90%

*The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

See Notes to Required Supplementary Information.

2020*	2019*	2018*	2017*	2016*	2015*
1.475751%	1.441664%	1.371182%	1.330969%	1.316883%	1.357212%
$ 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%
85.45%	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
Last Ten Fiscal Years

	2024	2023	2022	2021
Statutorily required contribution	$ 12,752,201	$ 12,907,048	$ 12,343,373	$ 11,225,005
Contributions in relation to the statutorily required contribution	$ (12,752,201)	$ (12,907,048)	$ (12,343,373)	$ (11,225,005)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 135,107,663	$ 136,727,203	$ 130,756,070	$ 118,908,951
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%

See Notes to Required Supplementary Information.

2020	2019	2018	2017	2016	2015
$ 10,924,900	$ 10,815,115	$ 9,734,619	$ 9,056,979	$ 8,527,680	$ 8,055,766
$ (10,924,900)	$ (10,815,115)	$ (9,734,619)	$ (9,056,979)	$ (8,527,680)	$ (8,055,766)
$ -	$ -	$ -	$ -	$ -	$ -
$ 115,729,873	$ 114,566,896	$ 109,010,291	$ 101,421,937	$ 95,494,737	$ 90,210,145
9.44%	9.44%	8.93%	8.93%	8.93%	8.93%

Note 1. Budgets and Budgetary Information

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and custodial funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared in accordance with generally accepted accounting principles.

Formal and legal budgetary control for the certified budget is based upon four major classes or expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, noninstructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by $24,169,846. The District overexpended the other expenditures function as of June 30, 2024 by $19,502,993.

Note 2. Iowa Public Employees' Retirement System Pension Liability

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2023 valuation incorporated the following refinements after a quadrennial experience study:

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

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

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

Note 2. Iowa Public Employees' Retirement System Pension Liability (Continued)

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%.

Iowa City Community School District

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Debt Service	Special Revenue Student Activity	Total
Assets			
Cash, cash equivalents and investments	$ 1,355,380	$ 518,100	$ 1,873,480
Receivables:			
Property tax:			
Current year	71,252	-	71,252
Succeeding year	13,468,512	-	13,468,512
Other	-	40	40
Total assets	$ 14,895,144	$ 518,140	$ 15,413,284
Liabilities, deferred inflows of resources and fund balances			
Liabilities:			
Accounts payable	$ -	$ 3,371	$ 3,371
Due to other funds	49,832	1,498,150	1,547,982
Total liabiiltiies	49,832	1,501,521	1,551,353
Deferred inflows of resources, unavailable revenue:			
property tax	13,468,512	-	13,468,512
Fund balances:			
Restricted for:			
Debt service	1,376,800	-	1,376,800
Unrestricted	-	(983,381)	(983,381)
Total fund balances	1,376,800	(983,381)	393,419
Total liabilities, deferred inflows of resources and fund balances	$ 14,895,144	$ 518,140	$ 15,413,284

Iowa City Community School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2024

	Debt Service	Special Revenue Student Activity	Total
Revenues:			
Local sources:			
Property tax	$ 12,876,087	$ -	$ 12,876,087
Utility excise tax	83,187	-	83,187
Other tax	22,057	-	22,057
Interest	501,025	-	501,025
Other	-	3,166,592	3,166,592
State sources	134,459	-	134,459
Total revenues	13,616,815	3,166,592	16,783,407
Expenditures:			
Current:			
Instruction:			
Vocational and other	-	3,799,770	3,799,770
Support services:			
Administration	550	-	550
Operation and maintenance	-	735	735
Transportation	-	573,424	573,424
Debt service:			
Principal retirement	17,702,960	-	17,702,960
Interest and fiscal charges	11,111,038	-	11,111,038
Total expenditures	28,814,548	4,373,929	33,188,477
Excess (deficiency) of revenues over (under) expenditures	(15,197,733)	(1,207,337)	(16,405,070)
Other financing sources:			
Transfers in	15,645,962	192,405	15,838,367
Total other financing sources	15,645,962	192,405	15,838,367
Net change in fund balances	448,229	(1,014,932)	(566,703)
Fund balances, beginning of year	928,571	31,551	960,122
Fund balances, end of year	$ 1,376,800	$ (983,381)	$ 393,419

Iowa City Community School District

Schedule of Combining Balance Sheet
Capital Projects Fund - By Account
June 30, 2024

	Capital Projects Accounts			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other	Total
Assets				
Cash, cash equivalents, and investments	$ 18,375,547	$ 10,459,082	$ 916,095	$ 29,750,724
Receivables:				
Property tax:				
Current year	-	69,409	-	69,409
Succeeding year	-	13,106,246	-	13,106,246
Due from other governments	1,750,343	-	-	1,750,343
Due from other funds	3,997,935	4,494,436	-	8,492,371
Prepaid items	117,378	69,082	-	186,460
Total assets	$ 24,241,203	$ 28,198,255	$ 916,095	$ 53,355,553
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	$ 9,493,115	$ 622,175	$ 63,813	$ 10,179,103
Accrued liabilities	17,222	-	-	17,222
Due to other funds	2,933	1,100,256	-	1,103,189
Total liabilities	9,513,270	1,722,431	63,813	11,299,514
Deferred Inflows of Resources:				
Unavailable revenue:				
Succeeding year property tax	-	13,106,246	-	13,106,246
Total deferred inflows of resources	-	13,106,246	-	13,106,246
Fund Balances:				
Nonspendable, prepaid items	117,378	69,082	-	186,460
Restricted for:				
Physical plant and equipment	-	13,300,496	-	13,300,496
School infrastructure	14,610,555	-	852,282	15,462,837
Total fund balances	14,727,933	13,369,578	852,282	28,949,793
Total liabilities, deferred inflows of resources and fund balances	$ 24,241,203	$ 28,198,255	$ 916,095	$ 53,355,553

Iowa City Community School District

Schedule of Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund - By Account
Year Ended June 30, 2024

	Capital Projects Accounts			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other	Total
Revenues:				
Local sources:				
Property tax	$ -	$ 12,543,019	$ -	$ 12,543,019
Utility excise tax	-	81,035	-	81,035
Other tax	-	21,370	-	21,370
Interest income	1,500,521	298,903	-	1,799,424
Other	-	18,000	-	18,000
State sources	19,022,440	130,980	-	19,153,420
Total revenues	20,522,961	13,093,307	-	33,616,268
Expenditures:				
Current:				
Support:				
Administration	87,501	-	-	87,501
Operation and maintenance	-	282,422	-	282,422
Transportation	-	1,100,257	-	1,100,257
Noninstructional	778,245	-	-	778,245
Capital outlay:				
Facilities acquisition	75,017,627	8,659,685	1,596,013	85,273,325
Total expenditures	75,883,373	10,042,364	1,596,013	87,521,750
Excess (deficiency) of revenues over (under) expenditures	(55,360,412)	3,050,943	(1,596,013)	(53,905,482)
Other financing sources (uses):				
Issuance of IT subscription	1,053,315	-	-	1,053,315
Transfers out	(14,686,299)	(959,663)	-	(15,645,962)
Total other financing sources (uses)	(13,632,984)	(959,663)	-	(14,592,647)
Net change in fund balance	(68,993,396)	2,091,280	(1,596,013)	(68,498,129)
Fund balance, beginning of year	83,721,329	11,278,298	2,448,295	97,447,922
Fund balance, end of year	$ 14,727,933	$ 13,369,578	$ 852,282	$ 28,949,793

Iowa City Community School District

Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

	Private Purpose Trust Funds		
	Winbigler Estate Trust Fund	School Children's Aid	Opportunity Fund
Assets			
Cash and pooled investments	$ 71,576	$ 13,753	$ 3,517
Total assets	71,576	13,753	3,517
Liabilities			
Other payables	-	1,531	-
Total liabilities	-	1,531	-
Net Position			
Assets held in trust	$ 71,576	$ 12,222	$ 3,517

School Based Health Clinics	Total
$ 65,755	$ 154,601
65,755	154,601
13,118	14,649
13,118	14,649
$ 52,637	$ 139,952

Iowa City Community School District

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2024

	Private Purpose Trust Funds		
	Winbigler Estate Trust Fund	School Children's Aid	Opportunity Fund
Additions			
Local sources:			
Interest income	$ -	$ 157	$ 1,329
Fundraising and donations	-	8,399	-
Total additions	-	8,556	1,329
Deductions			
Administrative expenses	-	9,712	-
Total deductions	-	9,712	-
Change in net position	-	(1,156)	1,329
Net position, beginning of year, as previously reported	71,576	-	-
Restatement: correction of an error (Note 15)	-	13,378	2,188
Net position, beginning of year, as restated	71,576	13,378	2,188
Net position, end of year	$ 71,576	$ 12,222	$ 3,517

See Notes to Basic Financial Statements.

School Based Health Clinics	Total
$ -	$ 1,486
121,537	129,936
121,537	131,422
159,143	168,855
159,143	168,855
(37,606)	(37,433)
-	71,576
90,243	105,809
90,243	177,385
$ 52,637	$ 139,952

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Iowa City Community School District

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures	
Indirect:					
U.S. Department of Agriculture:					
Pass-Through Iowa Department of Education:					
Child Nutrition Cluster Programs:					
School Breakfast Program	10.553	FY24 4552	$ -	$ 1,043,989	
National School Lunch Program	10.555	FY24 4553	-	3,615,719	
National School Lunch Program- Supply Chain Assistance	10.555	FY24 4014	-	315,216	
Commodities -DOD (Noncash)	10.555	FY24	-	129,331	
Commodities (Noncash)	10.555	FY24	-	510,994	
			-	4,571,260	
Summer Food Service Program for Children	10.559	FY24 4556	-	35,550	
Fresh Fruit and Vegetable Program	10.582	FY24 4557	-	203,397	
Total Child Nutrition Cluster Program			-	5,854,196	
Local Food for Schools	10.185	FY24 4911	-	16,693	
Total U.S. Department of Agriculture			-	5,870,889	
U.S. Department of Education:					
Pass-Through Iowa Department of Education:					
Title I Grants to Local Educational Agencies	84.010	FY24 4501	-	3,281,366	
Title I Grants to Local Educational Agencies	84.010	FY24 4508	-	571,429	
			-	3,852,795	
Special Education Cluster, Special Education-Grants to States IDEA, Part B	84.027	FY24 4525	-	524,494	(1)
Career and Technical Education - Basic Grants to States	84.048	FY24 4531	-	144,000	
Education for Homeless Children & Youth	84.196	FY24 4565	-	46,747	
Title IVB- 21st Century Grant	84.287	FY24 4646	-	27,190	
Supporting Effective Instruction State Grants- Federal Teacher Quality Program	84.367	FY24 4643	-	477,938	
Student Support and Academic Enrichment	84.424	FY24 4669	-	241,064	

(Continued)

Iowa City Community School District

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures	
Education Stabilization Fund:					
COVID-19 Education Stabilization Fund Rethink K-12 Education Models Discretionary Grants	84.425B	FY24 4053	$ -	$ 230,281	
COVID-19 Governor's Emergency Education Relief (GEER) Fund Mental Health	84.425C	FY24 4054	-	294,786	
COVID-19 ARP-Elementary and Secondary School Emergency Relief (ARP-ESSER) Fund	84.425U	FY24 4043	-	737,669	
COVID-19 ARP-Elementary and Secondary School Emergency Relief (ARP-ESSER) Fund	84.425U	FY24 4045	-	207,649	
COVID-19 ARP-Elementary and Secondary School Emergency Relief (ARP-ESSER) Fund	84.425U	FY24 4076	-	26,779	
COVID-19 ARP-Elementary and Secondary School Emergency Relief (ARP-ESSER) Fund	84.425U	FY24 4076	-	1,801	
COVID-19 ARP- Homeless Children and Youth			-	973,898	
(ARP-HCY)	84.425W	FY24 4044	-	74,217	
Total Education Stabilization Fund			-	1,573,182	
Pass-Through Grantwood Area Education Agency:					
Special Education Cluster,					
Special Education - Grants to States					
IDEA, Part B	84.027	FY24 4521	-	715,817	(1)
Title III- English Language Acquisition State Grants	84.365	FY24 4644	-	25,299	
Pass-Through Iowa Vocational Rehabilitation:					
Rehabilitation Services- Vocational Rehab Grants to States, IDEA, Part B	84.126	FY24 4598	-	188,031	
Total U.S. Department of Education			-	7,816,557	
U.S. Department of Health and Human Services:					
Pass-Through Iowa Department of Human Services:					
Public Health Emergency Response:					
Cooperative Agreement for Emergency Response:					
Public Health Crisis Response	93.354	FY24 4624	-	52,101	
Total Expenditures of Federal Awards			$ -	$ 13,739,547	

(1) Total Special Education Cluster, Grants to States IDEA Part B $1,240,311

See notes to schedule of expenditures of federal awards.

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Iowa City Community School District under programs of the federal government for the year ended June 30, 2024. 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. Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are reported on the modified accrual or accrual basis of accounting based on the fund type of the program. 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. Revenue from federal awards is recognized when the District has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal awards is recognized when it is both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

Note 3. Indirect Cost Rate

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

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IOWA CITY COMMUNITY SCHOOL DISTRICT
All In for All Kids

Educational Services Center
1725 North Dodge Street • Iowa City, IA 52245
(319) 688-1000 • Fax (319) 688-1009 • www.iowacityschools.org

Iowa City Community School District

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

Findings		Status	Reason for Recurrence and Corrective Action Plan or Other Explanation
Findings Related to Financial Statements			
Material Weakness:			
2023-001	The District's financials required significant revisions and were significantly delayed	Not corrected.	There has been significant turnover in the District. See response and corrective action plan at 2024-005.
Significant Deficiency:			
2023-002	The District's bank reconciliations required corrections for unreconciled amounts.	Not corrected.	There has been significant turnover in the District. See response and corrective action plan at 2024-004.
2023-006	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.	Not corrected.	There has been significant turnover in the District. See response and corrective action plan at 2024-002.
Federal Award Findings and Questioned Costs			
Signficiant Deficiency:			
2023-003	The District reported expenditures in the fiscal year 2023 schedule of expenditures of federal awards that were incurred in other fiscal years.	Corrected.	
Material Weakness:			
2023-004	Required reports for the Education Stabilization Fund were not reviewed and approved by an individual other than the preparer prior to submission.	Not corrected.	There has been significant turnover in the District. See response and corrective action plan at 2024-012.
Signficiant Deficiency and Noncompliance:			
2023-005	The single audit package was not submitted to the Federal Clearinghouse within the required time period.	Not corrected.	There has been significant turnover in the District. See response and corrective action plan at 2024-006.
Findings Related to Statutory Reporting			
IV-H-23	The District identified variances in certified enrollment certified to the state in October 2022.	Not corrected.	Student data changes were not timely communicated to District. See response and corrective action plan at IV-H-24.

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 Eric Howard, Director of Equity & Employee Relations, 1725 N. Dodge St., Iowa City, IA 52245, (319) 688-1000, howard.eric@iowacityschools.org

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Bohnsack & Frommelt LLP
Certified Public Accountants
575 12th Avenue
East Moline, Illinois 61244

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

To the Board of Education
Iowa City Community School District
Iowa City, Iowa

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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 10, 2026.

Our report includes an emphasis of matter paragraph for corrections of prior-period accounting errors.

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 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 Iowa City Community School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 through 2024-005 that we consider to be material weaknesses.

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 instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2024-006 through 2024-008.

We also noted certain immaterial instances of noncompliance and other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2024 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

District's Responses to the Findings

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

Purpose of This Report

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

Bohnsack & Frommelt LLP

East Moline, Illinois
June 10, 2026

Bohnsack & Frommelt LLP
Certified Public Accountants
575 12th Avenue
East Moline, Illinois 61244

Independent Auditor's Report on Compliance For Each Major Federal Program and On Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Education
Iowa City Community School District
Iowa City, Iowa

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Iowa City Community School District's (the District) 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, 2024. 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.

Qualified Opinion on 84.425B, 84.425C, 84.425U, 84.425W Education Stabilization Fund and Special Education Cluster, 84.027 Special Education Grants to States

In our opinion, except for the possible effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on 84.425 Education Stabilization Fund and Special Education Cluster, 84.027 Special Education Grants to States.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Iowa City Community School 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 other major federal programs for the year ended June 30, 2024.

Basis for Qualified and Unmodified Opinions

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.

Matters Giving Rise to Qualified Opinion on 84.425B, 84.425C, 84.425U, 84.425W Education Stabilization Fund and Special Education Cluster, 84.027 Special Education Grants to States

As described in the accompanying Schedule of Findings and Questioned Costs, Iowa City Community School District did not comply with requirements regarding *84.425B, 84.425C, 84.425U, 84.425W* Education Stabilization Fund as described in 2024-013 for Allowable Costs. Compliance with such requirements is necessary, in our opinion, for Iowa City Community School District to comply with the requirements applicable to that program.

As described in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the District's with Special Education Cluster, 84.027 Special Education Grants to States as described in 2024-014 for Allowable Activity, Allowable Costs, and Period of Performance, consequently we were unable to determined whether the District complied with those requirements applicable to that program.

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.

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. 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 2024-009 through 2024-0011 to be a material weaknesses and item 2024-012 to be a significant deficiency.

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.

Bohnsack & Frommelt LLP

East Moline, Illinois
June 10, 2026

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Iowa City Community School District

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? [X] Yes [ ] No
- Significant deficiency identified? [ ] Yes [X] None Reported
- Noncompliance material to financial statements noted? [X] Yes [ ] No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? [X] Yes [ ] No
- Significant deficiency identified? [X] Yes [ ] None Reported

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

Child Nutrition Cluster	Unmodified
Special Education Cluster Program	Qualified
Education Stabilization Fund Program	Qualified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? [X] Yes [ ] No

Identification of major programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
Child Nutrition Cluster Program:	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	National School Lunch Program- Supply Chain Assistance
10.555	Commodities -DOD (Noncash)
10.555	Commodities (Noncash)
10.559	Summer Food Service Program for Children
10.582	Fresh Fruit and Vegetable Program
Special Education Cluster Program,	
84.027	Special Education-Grants to States IDEA, Part B
Education Stabilization Fund:	
84.425B	COVID-19 Education Stabilization Fund Rethink K-12 Education Models Discretionary Grants
84.425C	COVID-19 Governor's Emergency Education Relief (GEER) Fund Mental Health
84.425U	COVID-19 ARP-Elementary and Secondary School Emergency Relief (ARP-ESSER) Fund
84.425W	COVID-19 ARP-Homeless Children and Youth (ARP-HCY)

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? [ ] Yes [X] No

(Continued)

Part II: Findings Related to the Basic Financial Statements

Internal control deficiencies:

Material Weaknesses

2024-001

Finding: The District has insufficient segregation of duties over the payroll transaction cycle.

Criteria: A properly designed system of internal control over financial reporting requires entities to initiate, authorize, record, process and report financial data reliably in accordance with accounting principles generally accepted in the United States of America.

Condition: The Payroll Department employees have access rights to change the employee master file, including entering new employees, employee information including address and direct deposit information, modifying pay rates and adding deductions; enters time to the payroll system, process the payroll and generate the payroll checks and direct deposits. The Payroll Department also submits the direct deposit to the financial institution, prepares the payroll accounts payable and makes payroll transfers for deductions and taxes. The Director of Financial Reporting does have access to the payroll files and approves the direct deposit advice at the financial institution.

Cause: The Payroll Department is responsible for the master payroll file within the Software Unlimited payroll module. The Human Resource Department software does not interface with the financial software. During the onboarding process, new hire information is entered into four different systems including; Vista, Timeclock Plus and Red Rover HR Management by the Human Resource Department and Software Unlimited by the Payroll Department.

Effect: Misappropriation of assets or errors could occur and not be detected in a timely manner.

Context: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from inception to its completion.

Identification as a repeat finding: This is not a repeat finding.

Recommendation: Ideally, the position responsible for processing the payroll should be segregated from access to make employee master file changes.

- Currently the master payroll file is updated by the Payroll Department based on a personnel spreadsheet that is obtained from the Board of Education packets, including new hires, terminations, leaves and extra assignments. The District should investigate the linkage between the Human Resources Vista system and the Payroll Software Unlimited System.
- The on-boarding of new personnel should be completed by the Human Resources Department, including the I-9 and other payroll forms which should be maintained in the personnel file. If the human resources system and the payroll system cannot be integrated to upload employee file master changes, the District should consider limiting the access rights of the payroll department to the Payroll and Benefits Coordinator. A formal onboarding form should be established by the Human Resources Department that is sent to the Payroll Department detailing all of the key employee information including the contract information or letter of assignment information.

(Continued)

- The Payroll Department has the access rights within the Software Unlimited System to change employee address, direct deposit information, hours worked and payrate within the system. The Finance Director or the HR Director should run a System Audit Report and review all changes and additions made to the payroll master file on a payroll basis and trace these changes to the appropriate paperwork to verify proper approval.

Response and Corrective Action Plan: The District will review current processes and realign duties and system access levels to improve internal controls within the design of the payroll system.

2024-002

Finding: The District has insufficient segregation of duties over the cash disbursement function.

Criteria: A properly designed system of internal control over financial reporting requires entities to initiate, authorize, record, process and report financial data reliably in accordance with accounting principles generally accepted in the United States of America.

Condition: A position at the District has access rights to set up new vendors or edit current vendors in the system, receive invoices, enter invoices into the system to be paid, print checks, mails the checks and electronically files the checks.

A position at the District prints checks, uploads the positive pay file to the financial institution, clears the checks in the general ledger system, voids checks and clears positive pay exceptions.

Cause: Access rights are not limited in the cash disbursement cycle. Check sequence is not tracked by another employee.

Effect: Misappropriations of assets or errors could occur and not be detected in a timely basis.

Context: The deficiency is over the non-payroll related disbursements of the District.

Identification as a repeat finding: This is a repeat finding.

Recommendation: In general, authorization of new vendors, purchasing, entering invoices into the accounting system, and processing of checks should be segregated from each other. The following are recommendations to strengthen the District's internal control system:

- We recommend the District remove access to the vendor master file from positions with disbursement processing access.
- We recommend that printed checks should go to a position other than the Accounts payable position. Ideally, the invoice packages, white remittance sheet, and checks would go back to the receptionist. This position would be responsible for check sequence tracking and would match the checks to the white remittance sheet and attach the remittance sheet to the invoice noting address, dollar amount and vendor agree to the invoice. The position would then process the checks for mailing.
- The bank reconciliation function of clearing checks within the software should be performed by a position without access to check processing.
- The position that prints the checks and uploads the positive pay file should not also have the ability to approve exceptions to the positive pay system.

(Continued)

Response and Corrective Action Plan: The District will look for ways to realign and reassign duties where possible.

2024-003

Finding: The District has insufficient segregation of duties over the receipt process at the school buildings.

Criteria: A properly designed system of internal control over financial reporting requires entities to initiate, authorize, record, process and report financial data reliably in accordance with accounting principles generally accepted in the United States of America.

Condition: The financial secretaries at each school building have access to cash and checks, prepare and take the deposit to the bank and record the receipts within the District's general ledger.

Cause: The District has not segregated access to cash and checks from posting and reporting. Sponsors and coaches are not routinely provided information to ensure the amounts provided for deposit were properly recorded.

Effect: Misappropriations of assets or errors could not occur and not be detected in a timely basis.

Context: The deficiency is over the cash and checks collected at the school buildings.

Identification as a repeat finding: This is not a repeat finding.

Recommendation: The position with access to receipts should be segregated from posting to the general ledger system and from reporting. The sponsors/coaches and the financial secretaries should count the receipts together and both sign a receipt form indicating the total amount to be deposited. A copy of the signed receipt form should be retained by the sponsor/coach. The Business Office should routinely provide a report of all deposits to the sponsors/coaches. The report should be generated by a position without access to the cash and checks collected. Sponsors should be required to review the report of deposits to the signed receipt copy they retained. The sponsor/coach should notify the Business Office of any discrepancies.

Response and Corrective Action Plan: The District will look for ways to realign and reassign duties where possible.

2024-004

Finding: The District has insufficient reconciling and monitoring activities over cash accounts and certificates of deposits.

Criteria: A properly designed system of internal control over financial reporting requires entities to initiate, authorize, record, process and report financial data reliably in accordance with accounting principles generally accepted in the United States of America.

Condition: Bank reconciliations for fiscal year 2024 were not completed timely. Establishing and maintaining effective internal controls over cash transactions of the District includes reconciliation of bank account balance and cash and investment accounts on a timely basis. Certificates of deposits were identified as part of the audit process.

(Continued)

Cause: The District experienced turnover in key accounting personnel which impacted financial reporting and the timeliness and accuracy of the reviews over bank reconciliations. The District did not have processes in place to timely prepare and review bank reconciliations.

Effect: Misappropriations of assets or errors could not occur and not be detected in a timely basis.

Context: The deficiency is over cash and investments. 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 significant.

Identification as a repeat finding: This is a repeat finding.

Recommendation: We recommend the District continue to complete bank reconciliations in order to become current. Once current, bank reconciliations of all accounts should be prepared on a monthly basis. This process would identify and address variances. The District should post adjustments identified in the bank reconciliation process monthly. Bank reconciliations should be prepared by individuals not involved in cash receipts or cash disbursements processes and reviewed by the CFO on a timely basis. All certificates of deposit should be inventoried and maintained on a spreadsheet by the District detailing initiation date, interest rates, amounts, and maturity dates.

Response and Corrective Action Plan: The District will systematically evaluate the bank reconciliation process to ensure the completeness and accuracy of the records and will perform the reconciliations in a timely manner.

2024-005

Finding: The District did not properly identify and adjust the District's funds for adjustments required for the District's trial balances to be reported in accordance with applicable accounting standards and principles.

Criteria: A properly designed system of internal control over financial reporting requires entities to initiate, authorize, record, process and report financial data reliably in accordance with accounting principles generally accepted in the United States of America.

Condition: The District did not identify and adjust accounts receivable, accounts payable and capital assets.

Cause: For accounts receivable, the District does not use the District's billing system for special education invoices to other local districts. For accounts payable, the District relies on individual departments to post invoices for payment to the correct period rather than through the Business Office. The accounts payable invoices at year-end impact the amounts recorded as capital assets.

Effect: Financial statements are misstated and errors are not detected on a timely basis.

Context: The governmental activities, General Fund and Capital Projects Fund required material adjustments.

Identification as a repeat finding: This is a repeat finding.

(Continued)

Recommendation: We recommend the District review current processes for accounts receivable and accounts payable identification and recording. We recommend the District use the District's billing module for all accounts receivable transactions. We recommend the Business Office implement a review procedure over subsequent payments to ensure proper posting.

Response and Corrective Action Plan: The District will review current processes and implement processes to ensure accounts receivable and accounts payable are properly identified and posted to the prior period.

Instance of Noncompliance:
2024-006

Finding: The District did not complete the June 30, 2023 and 2024, single audit within 9 months of the applicable June 30 year-end.

Criteria: Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Section 200.512 states, "The audit, the data collection form, and the reporting package must be submitted within 30 calendar days after the auditee receives the auditor's report(s) or nine months after the end of the audit period (whichever is earlier)."

Condition: The single audit and data collection form submission due date for the June 30, 2023 year-end was March 31, 2024. The June 30, 2023, data collection form was not submitted and accepted by the federal government until September 5, 2025. The June 30, 2024 data collection forms will be submitted when the fiscal year audit is completed.

Cause: The June 30, 2023, year-end audit was significantly delayed due to significant turnover in the Business Office.

Effect: Oversight grantors are not being provided timely information by the District. The District is considered a high risk auditee.

Context: The deficiency pertains to all federal programs of the District and the reporting requirements.

Identification as a repeat finding: This is a repeat finding.

Recommendation: We recommend the District implement processes and procedures to ensure compliance with the Office of Management and Budget single audit requirements as stated in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Response and Corrective Action Plan: The District will implement processes and procedures for compliance with the Office of Management and Budget for federal awards.

2024-007

Finding: The Student Activity Fund has a deficit fund balance.

Criteria: The fundamental purpose of fund accounting is to properly account for all resources received and used. Each fund has its own revenues, expenditures, transfers, assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund balances.

(Continued)

A change in fund balance represents the difference between fund additions (revenues and other financing sources) and deductions (expenditures and other financing uses). Fund balance is identified as the net difference between a fund's assets, deferred outflows of resources, liabilities and deferred inflows of resources. A fund is in a deficit status if expenditures and other financing sources exceed revenues and other financing uses.

Condition: Beginning in fiscal year 2024, expenditures in the Student Activity Fund began to exceed the amounts collected for student activities, resulting in a deficit fund balance.

Cause: The District did not properly monitor financial transactions to ensure that revenues were available to cover expenditures incurred.

Effect: The Student Activity Fund has overexpended revenue by $1,014,932 in 2024. The Student Activity Fund owes other funds of the District $1,498,150.

Context: The Student Activity Fund balance deficit is $983,381 as of June 30, 2024.

Identification as a repeat finding: This is not a repeat finding.

Recommendation: The District should continue to strictly monitor the financial transactions of the Student Activity Fund and investigate other alternatives in order to eliminate these deficit fund balances.

Response and corrective action plan: The District is strictly monitoring financial transactions in each fund to ensure that expenditures incurred do not exceed funds collected and will continue to investigate alternatives to eliminate the Student Activity Fund deficit fund balance. Although the District continues to strictly monitor financial transactions in order to reduce the deficit fund balance, State statute does not allow transfers of cash to the Student Activity Fund except for the specific purpose of safety equipment that is approved by the Board of Education. Therefore, the deficit fund balance will continue until an alternate solution can be identified.

2024-008

Finding: The District has interfund receivables and payables that were not authorized by a formal board resolution before the transaction occurred. The interfund receivables and payables were not repaid by October 1 of the fiscal year following the year the loan was made. In addition, interest on the unpaid balance must be paid on the borrowed funds.

Criteria: The Iowa Department of Education Declaratory Order 4672 provides the framework for interfund borrowing between school district funds. Iowa Department of Education Declaratory Order 4672 requires a formal resolution before the transaction occurs. All loans must be fully repaid, including interest, by October 1 following the fiscal year in which the loan was made.

Condition: The District had interfund receivables and interfund payables recorded totaling $38,166,276.

Cause: The interfund balances are a result of cash flowing expenditures. The amounts were not monitored and repaid timely.

Effect: The interfund balances were not properly authorized before the transaction and were not properly repaid with interest by October 1.

Context: Interfund receivables of $38,166,276 and interfund payables of $38,166,276 were reported as of June 30, 2024.
(Continued)

Identification as a repeat finding: This is not a repeat finding.

Recommendation: The District should reverse the interfund receivables and payables and evaluate deficit cash positions. For deficit cash positions, a formal resolution should be made by the Board to authorize the loans. Interest rates established under Iowa Code section 74A.6(2) should be established. All amounts, including interest should be repaid by October 1 following the fiscal year in which the loan was made.

Response and corrective action plan: The District will repay the interfund receivables and payables. Before deficit cash positions are evident, the District will pass a formal resolution to authorize the interfund loans.

Part III: Findings and Questioned Costs for Federal Awards

Internal control deficiencies:

Material Weaknesses:
2024-009

U.S. Department of Agriculture
Pass-Through Iowa Department of Education
Child Nutrition Cluster Programs:
10.553 School Breakfast Program
10.555 National School Lunch Program
10.555 Commodities- DOD (Noncash)
10.555 Commodities (Noncash)
10.555 National School Lunch Program-Supply Chain Assistance
10.559 Summer Food Service Program for Children
10.582 Fresh Fruit and Vegetable Program
Federal Award Year: 2024

U.S. Department of Education
Pass-Through Iowa Department of Education
Education Stabilization Fund (ESF) Program:
84.425B COVID-19 Education Stabilization Fund Rethink K-12 Education Models Discretionary Grant
84.425C COVID-19 Governor's Emergency Education Relief (GEER) Fund Mental Health
84.425U COVID-19 ARP- Elementary and Secondary School Emergency Relief (ARP-ESSER) Fund
84.425W COVID-19 ARP Homeless Children and Youth (ARP-HCY)
Federal Award Year: 2024

U.S. Department of Education
Pass-Through Iowa Department of Education
Special Education Cluster,
84.027 Special Education-Grants to States IDEA, Part B
Federal Award Year: 2024

(Continued)

Finding: The District does not have an adequate process to ensure approval and documentation of disbursements charged to the federal program.

Criteria: The May 2024 Office of Management and Budget Compliance Supplement states the following for Compliance Requirements – Allowable Costs and Activities –"..Be consistent with the policies and procedures that apply uniformly to both federally financed and other activities of the non-federal entity…Be adequately documented."

Condition: The following are the conditions:

1) The District does not have a process to ensure that costs are properly approved for the Nutrition program or ESF program or Special Education-Grants to States program. Invoices did not have documentation for approval to pay.

2) The District does not have a process to ensure costs charged to the Nutrition and ESF program are allowable and properly coded. Invoices were not coded to the proper account and were not documented for allowability.

Cause: The District is not requiring invoices to be approved by the Department Head prior to payment. The District is not posting to project object codes per the state chart of accounts.

Effect: Unallowable or unapproved costs could be charged to the program.

Context: For the Nutrition Program, ten instances from a sample of twenty-five randomly selected Nutrition Program disbursements did not have documentation of invoice approval. One of those instances was a meal for a Food Services meeting that was incorrectly coded to the "In District Mileage" account rather than the "Other Employee Incentives" account.

For the ESF Program, twenty-five instances from a sample of forty-two randomly selected disbursements did not have documentation of invoice approval. Seventeen disbursements were not coded to the proper object code.

For the Special Education-Grants to States Program, eight instances from a random sample of twelve did not have documentation of approval of the invoice.

Identification as a repeat finding: This is not a repeat finding.

Recommendation: We recommend the District implement a process to ensure all charges to the program have documented Department Head approval prior to payment and the charges are posted to the proper account and are allowable to the program.

Response and Corrective Action Plan: The District will review current processes and determine procedures to implement to ensure proper invoice approval, coding and allowability.

(Continued)

2024-010

U.S. Department of Education
Pass-Through Iowa Department of Education
Education Stabilization Fund (ESF) Program:
84.425B COVID-19 Education Stabilization Fund Rethink K-12 Education Models Discretionary Grant
84.425C COVID-19 Governor's Emergency Education Relief (GEER) Fund Mental Health
84.425U COVID-19 ARP- Elementary and Secondary School Emergency Relief (ARP-ESSER) Fund
84.425W COVID-19 ARP Homeless Children and Youth (ARP-HCY)
Federal Award Year: 2024

Finding: The District does not have a process to identify federal capital assets or ensure program requirements for capital purchases are met.

Criteria: The May 2024 Office of Management and Budget Compliance Supplement states the following for Compliance Requirements – Equipment and Real Property Management-

"..prior approval by the pass-through entity to purchase real property and perform construction for improvements to land, buildings or equipment that meet the overall purpose of the program."

"any purchases with ESF Funds in this category are subject to applicable inventory control, log maintenance, and disposition requirements consistent with Part 3, Section F, "Equipment/Real Property Management"

Condition: The District did not identify two vehicle purchases with ESF funds exceeding the capitalization threshold of $5,000 for capitalization in District records. The District did not obtain the required prior approval from the state of Iowa for the vehicle purchases. In addition, the District does not have an inventory process to ensure federal assets are properly identified and documented in accordance with the Office of Management and Budget Compliance Supplement.

Cause: The District has had significant turnover in the Business Office.

Effect: Federal capital assets are not properly identified and capitalized.

Questioned costs: $74,217

Context: The District purchased two vehicles for $74,217.

Identification as a repeat finding: This is not a repeat finding.

Recommendation: We recommend the District implement a process to ensure federal expenditures are compared to program requirements such as pre-approval. We recommend the District implement a process to identify and document all capital assets purchased with federal program funding in compliance with the Office of Management and Budget.

Response and Corrective Action Plan: The District will review current processes to determine procedures to ensure compliance with program requirements.

(Continued)

2024-011

U.S. Department of Education
Pass-Through Iowa Department of Education
Special Education Cluster,
84.027 Special Education-Grants to States IDEA, Part B
Federal Award Year: 2024

Finding: The District does not have a process to document special education high cost claims submitted to the Iowa Department of Education for reimbursement.

Criteria: A proper internal control structure would ensure claims submitted for reimbursement were supported by a documentation and filing system that the District could provide to support the reimbursement request regardless of the person who prepared the information.

Condition: The District was unable to provide documentation of the high cost claims submitted to the state for reimbursement.

Cause: The District has had significant turnover in the Business Office and in the Special Education Department.

Effect: The District does not have information to support claims submitted.

Questioned costs: $524,494, refer to Finding 2024-014.

Context: The District expended $524,494 for high-cost claims which is 100% of the reimbursement from the state.

Identification as a repeat finding: This is not a repeat finding.

Recommendation: We recommend the District establish procedures to ensure expenditure reports and submissions for programs are documented and filed to be retrieved by District personnel even if the preparer is not available.

Response and Corrective Action Plan: The District will review current processes to determine procedures to ensure documentation is properly maintained for District submissions.

Significant Deficiency

2024-012

U.S. Department of Education
Pass-Through Iowa Department of Education
Education Stabilization Fund (ESF) Program:
84.425W, 84.425C, 84.425U, and 84.425B
Federal Award Year: 2024

U.S. Department of Education
Pass-Through Iowa Department of Education
Special Education Cluster,
84.027 Special Education-Grants to States
Federal Award Year: 2024

(Continued)

Finding: The District does not have a process for report preparation and review.

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: In the prior year, the District's finding 2023-004 over the ESF program stated "the reports were prepared and submitted by the same employee and no independent review took place prior to submission." In the current year, the required quarterly reports were submitted; however, there is no documentation of the preparer and no documentation of a review being performed.

The Special Education-Grants to States program submitted to the Grant Wood Area Education Agency did not agree to the expenditures by object from the District's trial balance. There was no documentation of a review being performed.

Cause: The District has had significant turnover in the Business Office.

Effect: Reports submitted for the federal program may have errors or be inaccurate.

Questioned costs: None

Context: The ESF program requires quarterly reimbursement submissions. The Special Education-Grants to States program requires semi-annual and annual reports.

Identification as a repeat finding: This is a repeat finding.

Recommendation: We recommend the District implement a process whereby financial grant reports are prepared by the program administrator and reviewed by the Business Office prior to submission. The preparation and review process should be formally documented and maintained in a retrievable file system.

Response and Corrective Action Plan: The District will review current processes to determine procedures to ensure federal reports are properly documented and reviewed.

Instances of Noncompliance-Material

2024-013

U.S. Department of Education
Pass-Through Iowa Department of Education
Education Stabilization Fund (ESF) Program:
84.425W, 84.425C, 84.425U, and 84.425B
Federal Award Year: 2024

Finding: The District charged costs to the ESF Program that are not allowable to the program.

Criteria: The May 2024 Office of Management and Budget Compliance Supplement states the following for Compliance Requirements – Allowable Costs and Activities – states

"…demonstrate consistent with the purpose of the ESF, which is to prevent, prepare for, and respond to COVID-19."

"Section 313(3) of the CRRSA Act includes "additional" LEA allowable uses of funds under ESSER II, in particular addressing learning loss; preparing schools for reopening; and testing, repairing, and upgrading projects to improve air quality in school buildings…"

Condition: The District charged expenditures to the federal program for copier leases, faxing service, tech support service, shipping costs for an undocumented purpose, and financial software.

(Continued)

Cause: Journal entries were posted to move expenditures from several accounts to the federal program without considering program requirements or specifically identifying invoices to code to the federal program.

Effect: Unallowable costs could be charged to the program.

Questioned costs: $241,407

Context: Through the testing of forty-two randomly selected ESF program disbursements that occurred during the fiscal year, we noted twelve instances in which the goods or services purchased did not appear to be allowable activities. The District expended $1,573,182 on the program for fiscal year 2024.

Identification as a repeat finding: This is not a repeat finding.

Recommendation: We recommend the District implement a process to ensure all charges to the program comply with program requirements.

Response and Corrective Action Plan: The District will implement a process to ensure all charges to the program are properly approved for the ESF program as outlined by the Iowa Department of Education and Office of Management and Budget.

2024-014

U.S. Department of Education
Pass-Through Iowa Department of Education
Special Education Cluster,
84.027 Special Education-Grants to States
Federal Award Year: 2024

Finding: The District was unable to provide expenditure information for the program.

Criteria: The May 2024 Office of Management and Budget Compliance Supplement states the following for Compliance Requirements – Allowable Costs and Activities-states, "Be adequately documented."

Condition: The District was unable to provide documentation of the high cost claims submitted to the state for reimbursement. Therefore, there was no information to test for allowable activities and allowable costs.

Cause: The District has had significant turnover in the Business Office and in the Special Education Department.

Effect: Unallowable activities or costs may be charged to the program.

Questioned costs: $524,494, refer to Finding 2024-011.

Context: The District expended $524,494 for high-cost claims which is 100% of the reimbursement from the state.

Identification as a repeat finding: This is not a repeat finding.

Recommendation: We recommend the District establish procedures to ensure expenditure reports and submissions for programs are documented and filed to be retrieved by District personnel even if the preparer is not available.

Response and Corrective Action Plan: The District will review current processes to determine procedures to ensure documentation is properly maintained for District submissions.

(Continued)

Part IV: Other Findings Related to Statutory Reporting

IV-A-24
Certified Budget:
Finding 1: Expenditures for the year ended June 30, 2024 exceeded the certified budget in the support function prior to amendment in May 2024.

Recommendation: The certified budget should be amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures are allowed to exceed the budget.

Response: The District will amend the budget, allowing a higher threshold for estimated expenditures, to comply with the certified budget requirements.

Conclusion: Response accepted.

Finding 2: Expenditures for the year ended June 30, 2024 exceeded the amended certified budget for the other expenditures function.

Recommendation: The certified budget should be amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures are allowed to exceed the budget.

Response: The District will amend the budget, allowing a higher threshold for estimated expenditures, to comply with the certified budget requirements.

Conclusion: Response accepted.

IV-B-24
Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-24
Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-24
Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-E-24
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-24
Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

(Continued)

IV-G-24
Board Minutes – No transactions requiring Board approval which had not been approved in the Board minutes were noted.

IV-H-24
Certified Enrollment-

Finding: The District identified variances in certified enrollment submitted to the state in October 2023.

Recommendation: We recommend the District review certified enrollment data for accuracy prior to submission to the state.

Response and Corrective Action Plan: The District will continue to review data prior to submission.

Conclusion: Response accepted.

IV-I-24
Supplementary Weighting –

Finding: The District identified variances in supplementary weighting submitted to the state in October 2023.

Recommendation: We recommend the District review supplementary weighting data for accuracy prior to submission to the state.

Response and Corrective Action Plan: The District will continue to review data prior to submission.

Conclusion: Response accepted.

IV-J-24
Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted except:

Finding: State of Iowa Code Chapter 12C.2 states "The approval of a financial institution as a depository of public funds for a public body shall be by written resolution or order that shall be entered of record in the minutes of the approving board, and that shall distinctly name each depository approved, and specify the maximum amount that may be kept on deposit in each depository." The District has not approved a depository resolution.

Recommendation: We recommend the District approve a depository resolution that distinctly names each depository and the maximum amount that may be kept in each depository.

Response and Corrective Action Plan: The District will approve a depository resolution.

(Continued)

IV-K-24
Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.

IV-L-24
Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

IV-M-24
Statewide Sales and Services Tax – No instances of noncompliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2024, the District reported the following information regarding the statewide sales and services tax revenue in the District's CAR:

Beginning balance		$ 83,721,329
Revenue / transfers in:		
Statewide sales and services tax revenue	19,022,440	
Issuance of IT subscription	1,053,315	
Interest income	1,500,521	21,576,276
Expenditures/transfers out:		
Support services	87,501	
Noninstructional	778,245	
School infrastructure:		
Buildings and improvements	75,017,627	
Transfers out	14,686,299	90,569,672
Ending balance		$ 14,727,933

For the year ended June 30, 2024, the District did not reduce the debt service tax levy as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-N-24
509A Certificate of Compliance

Finding: In accordance with Chapter 509A.15, within 90 days following the end of the fiscal year, the District is required to file with the commissioner of insurance a certificate of compliance, actuarial opinion, and an annual financial report of the plan.

Recommendation: The District is in the process of having the certificate of compliance, actuarial opinion, and annual financial report of the plan completed by an actuary. We recommend this be filed with the commissioner of insurance when received and that timely filings be completed in the future.

Response and Corrective Action Plan: The District will have an actuary prepare the information timely and file with the commissioner of insurance within 90 days of the end of the fiscal year.

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IOWA CITY COMMUNITY SCHOOL DISTRICT
All In for All Kids

Educational Services Center
1725 North Dodge Street • Iowa City, IA 52245
(319) 688-1000 • Fax (319) 688-1009 • www.iowacityschools.org

Iowa City Community School District

Corrective Action Plan
Year Ended June 30, 2024

	Findings	Corrective Action Plan	Anticipated Date of Completion and Responsible Contact Person
Findings Related to Financial Statements			
Material Weakness:			
2024-001	The District has insufficient segregation of duties over the payroll transaction cycle.	See 2024-001	Chief Financial Officer Fiscal Year 2027
2024-002	The District has insufficient segregation of duties over the cash disbursement function.	See 2024-002	Chief Financial Officer Fiscal Year 2027
2024-003	The District has insufficient segregation of duties over the receipt process at the school buildings.	See 2024-003	Chief Financial Officer Fiscal Year 2027
2024-004	The District has insufficient reconciling and monitoring activities over cash accounts and certificates of deposit.	See 2024-004	Chief Financial Officer Fiscal Year 2027
2024-005	The District did not propery identify and adjust the District's funds for adjustments required for the District's trial balances to be reported in accordance with applicable accounting standards and principles.	See 2024-005	Chief Financial Officer Fiscal Year 2027
Instance of Noncompliance:			
2024-006	The District did not complete the June 30, 2023 and 2024 single audit within 9 months of the applicable June 30 year-end.	See 2024-006	Chief Financial Officer Fiscal Year 2027
2024-007	The Student Activity Fund has a deficit fund balance.	See 2024-007	Chief Financial Officer Fiscal Year 2027
2024-008	The District has interfund receivables and payables that were not authorized by a formal board resolution before the transaction occurred.	See 2024-008	Chief Financial Officer Fiscal Year 2027
Findings and Questioned Costs for Federal Awards			
Material Weakness:			
2024-009	The District does not have an adequate process to ensure approval and documentation of disbursements charged to the federal program.	See 2024-009	Chief Financial Officer Fiscal Year 2027
2024-010	The District does not have a process to identify federal capital assets or ensure program requirements for capital purchases are met.	See 2024-010	Chief Financial Officer Fiscal Year 2027
2024-011	The District does not have a process to document special education high cost claims submitted to the Iowa Department of Education for reimbursement.	See 2024-011	Chief Financial Officer Fiscal Year 2027

(Continued)

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 Eric Howard, Director of Equity & Employee Relations, 1725 N. Dodge St., Iowa City, IA 52245, (319) 688-1000, howard.eric@iowacityschools.org

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Iowa City Community School District

Corrective Action Plan (Continued)
Year Ended June 30, 2024

Findings		Corrective Action Plan	Anticipated Date of Completion and Responsible Contact Person
Significant Deficiency:			
2024-012	The District does not have a process for report preparation and review.	See 2024-012	Chief Financial Officer Fiscal Year 2027
Instances of Noncompliance- Material:			
2024-013	The District charged costs to the ESF Program that are not allowable to the program.	See 2024-013	Chief Financial Officer Fiscal Year 2027
2024-014	The District was unable to provide expenditure information for the program.	See 2024-014	Chief Financial Officer Fiscal Year 2027
Findings Related to Statutory Reporting:			
IV-A-24	1. Expenditures exceeded the certified budget in the support function prior to amendment. 2. Expenditures exceeded the amended certified budget for the other expenditures function.	See IV-A-24	Chief Financial Officer Fiscal Year 2027
IV-H-24	The District identified variances in certified enrollment certified to the state in October 2023.	See IV-H-24	Chief Financial Officer Fiscal Year 2027
IV-I-24	The District identified variances in supplementary weighting certified to the state in October 2023.	See IV-I-24	Chief Financial Officer Fiscal Year 2027
IV-J-24	The District did not approve a depository resolution.	See IV-J-24	Chief Financial Officer Fiscal Year 2027
IV-N-24	The District did not file a 509A Certificate of Compliance within 90 days following fiscal year-end.	See IV-N-24	Chief Financial Officer Fiscal Year 2027

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