Iowa City Community School District
Iowa City, Iowa

Financial and Compliance Report
Year Ended June 30, 2025

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Iowa City Community School District

Board of Education
Year Ended June 30, 2025

Board of Education

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

* Replaced Janye Finch effective 9/15/2026

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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, 2025, 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 14 to the financial statements, the District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. As a result, June 30, 2024 governmental activities, business-type activities, and Nutrition Fund net positions were restated. 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 63-72 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 other supplementary information and schedule of expenditures of federal awards 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 October 16, 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
October 16, 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, 2025. We encourage readers to consider this information in conjunction with the District's financial statements.

2025 FINANCIAL HIGHLIGHTS

The District's overall financial position has increased from the prior year. The District showed an increase in net position of $18,128,366 during the year ended June 30, 2025.

Total revenues for the fiscal year ended June 30, 2025 and 2024 of $285,690,957 and $279,377,456 were comprised of general revenues in the amount of $229,984,347 and $222,046,069 and program revenues totaling $55,706,610 and $57,331,387, respectively.

The District's General Fund balance increased by $213,374, the unassigned fund balance decreased by $1,880,245 and the nonspendable/restricted/assigned fund balance increased by $2,093,619.

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

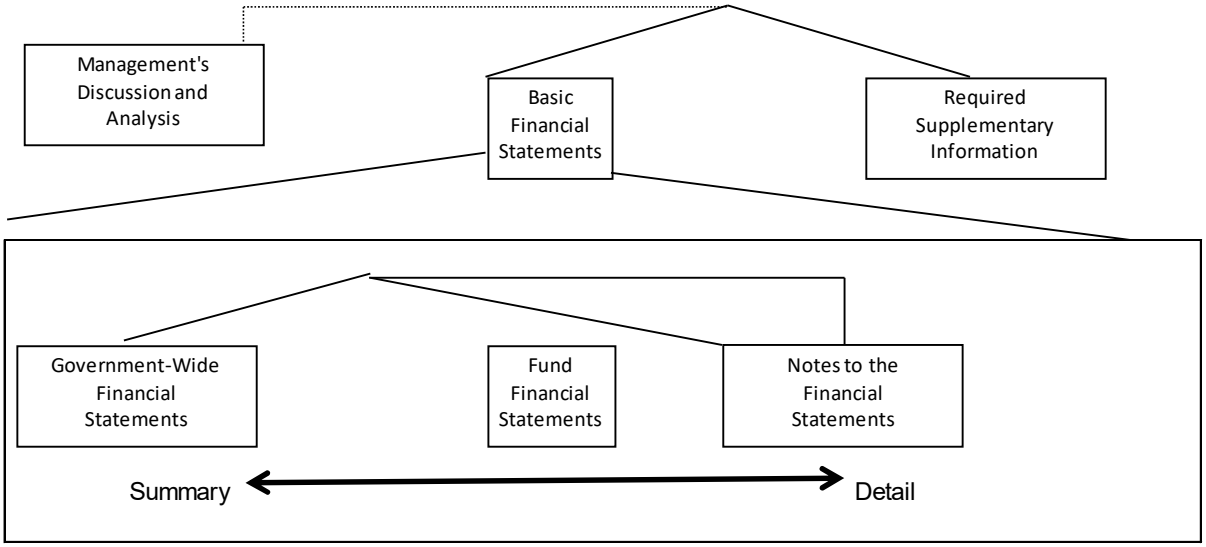

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of 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 and Capital Projects Fund which are considered major funds and nonmajor funds including the special revenue funds, Student Activity Fund and Management Levy 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 held by the District in a fiduciary capacity 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, 2025 compared to June 30, 2024.

Table 1 Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total District	
	2025	Restated 2024	2025	Restated 2024	2025	Restated 2024
Current assets	$ 179,716,701	$ 226,878,445	$ 9,266,424	$ 8,760,236	$ 188,983,125	$ 235,638,681
Capital assets	610,823,845	569,440,241	994,620	934,272	611,818,465	570,374,513
Total assets	790,540,546	796,318,686	10,261,044	9,694,508	800,801,590	806,013,194
Deferred outflows of resources	23,050,522	30,966,450	335,043	525,409	23,385,565	31,491,859
Current liabilities	71,564,874	56,576,009	506,225	268,638	72,071,099	56,844,647
Non-current liabilities	355,554,287	403,227,402	1,001,698	1,707,770	356,555,985	404,935,172
Total liabilities	427,119,161	459,803,411	1,507,923	1,976,408	428,627,084	461,779,819
Deferred inflows of resources	127,821,054	126,144,578	53,548	23,553	127,874,602	126,168,131
Net position:						
Net investment in capital assets	303,014,298	262,914,591	994,620	934,272	304,008,918	263,848,863
Restricted	30,609,054	24,726,641	-	-	30,609,054	24,726,641
Unrestricted	(74,972,499)	(46,304,085)	8,039,996	7,285,684	(66,932,503)	(39,018,401)
Total net position	$ 258,650,853	$ 241,337,147	$ 9,034,616	$ 8,219,956	$ 267,685,469	$ 249,557,103

The District's combined net position increased by 7.3 percent or $18,128,366 from the prior year restated net position.

Current assets decreased $46,655,556 from 2024 due to spending revenue bonds issued in previous years for capital purposes. Capital assets, which make up the vast majority of the District's asset base, grew $41,443,952 net of current year depreciation. This reflects the District's continued investment in the District's facilities and equipment.

Total liabilities decreased $33,152,735 primarily due to principal payment on debt of $18,373,455 and a decrease in the state pension liability of $16,987,622.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased $5,882,413 or 23.8 percent from the prior year. The increase was primarily in the restriction for the physical plant and equipment levy.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from a deficit ($39,018,401) to a deficit ($66,932,503) primarily due to governmental activities unrestricted net position decreasing $28,668,414 from overexpending resources in capital projects and student activities.

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

Table 2 Changes in Net Position From Operating Results

	Governmental Activities		Business-Type Activities		Total District	
	2025	Not Restated 2024	2025	Not Restated 2024	2025	Not Restated 2024
Revenues:						
Program revenues:						
Charges for services	$ 10,288,027	$ 9,176,280	$ 3,976,330	$ 3,410,012	$ 14,264,357	$ 12,586,292
Operating grants and contributions	35,278,799	38,820,650	6,163,454	5,924,445	41,442,253	44,745,095
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	121,911,372	114,638,569	-	-	121,911,372	114,638,569
Sales tax	19,018,587	19,022,440	-	-	19,018,587	19,022,440
Income surtax	6,859,737	8,748,496	-	-	6,859,737	8,748,496
Other tax	1,591,142	974,203	-	-	1,591,142	974,203
Unrestricted state grants	76,062,577	73,014,532	-	-	76,062,577	73,014,532
Revenue in lieu of taxes	1,346,379	1,276,395	-	-	1,346,379	1,276,395
Unrestricted investment earnings	2,929,180	4,131,849	265,373	217,292	3,194,553	4,349,141
Other	-	22,293	-	-	-	22,293
Total revenues	275,285,800	269,825,707	10,405,157	9,551,749	285,690,957	279,377,456
Expenses:						
Instruction	166,509,972	157,672,203	-	-	166,509,972	157,672,203
Support services	75,094,900	72,432,298	-	-	75,094,900	72,432,298
Noninstructional	930,045	786,636	-	-	930,045	786,636
Other expenses	16,475,235	18,307,742	-	-	16,475,235	18,307,742
Nutrition services	-	-	9,094,806	8,301,061	9,094,806	8,301,061
Total expenses	259,010,152	249,198,879	9,094,806	8,301,061	268,104,958	257,499,940
Revenues over (under) expenses	16,275,648	20,626,828	1,310,351	1,250,688	17,585,999	21,877,516
Transfers	495,691	-	(495,691)	-	-	-
Change in net position	16,771,339	20,626,828	814,660	1,250,688	17,585,999	21,877,516
Beginning net position, as restated	241,337,147	240,634,014	8,219,956	7,355,434	249,557,103	247,989,448
Ending net position	$ 258,108,486	$ 261,260,842	$ 9,034,616	$ 8,606,122	$ 267,143,102	$ 269,866,964

Governmental activities:

Local tax, sales tax and unrestricted state grants account for 81.9 percent of the total governmental activities revenue. The District's expenses primarily relate to instructional and support services which account for 93.5 percent of the total governmental activities expenses.

Total revenue of governmental activities increased $5,460,093 or 2.0%.

Total expenses for governmental activities increased by $9,268,906 or 3.7%.

The increase in revenue was primarily due to increases in property taxes and unrestricted state grants offset by decreases in operating grants and contributions. The increase in expenses is primarily reflected in the $8,837,769 increase in cost of instruction.

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	
	2025	Not Restated 2024	2025	Not Restated 2024
Governmental activities				
Instruction	$ 166,509,972	$ 157,672,203	$ (129,262,472)	$ (118,421,477)
Support services:	75,094,900	72,432,298	(72,643,962)	(70,985,474)
Noninstructional programs	930,045	786,636	(930,045)	(786,636)
AEA	5,868,388	7,299,380	-	-
Other expenses	10,606,847	11,008,362	(10,606,847)	(11,008,362)
Total Governmental activities	$ 259,010,152	$ 249,198,879	$ (213,443,326)	$ (201,201,949)

The cost financed by users of the District's programs for the year ended June 30, 2025 was $10,288,027.

Federal and state governments subsidized certain programs with grants and contributions totaling $35,278,799 for the year ended June 30, 2025 compared to year ended June 30, 2024 of $38,820,650. The decrease is primarily due to significant COVID-19 funding in 2024.

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 $10,405,157 and expenses were $9,094,806. 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 increased $853,408 primarily due to increases in food sales.

Business-type activities expenses increased $793,745 due to increases in cost of supplies and the implementation of a new accounting standard for compensated absences requiring a restatement of $386,166 to beginning net position, and a net $210,958 expense for the state pension.

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 $5,533,104; a decrease of $44,656,572 from last year's ending fund balances of $50,189,676. The decrease is primarily due to capital outlay expenditures of $65,620,875.

The District's General Fund financial position increased by $213,374. The District's General Fund revenues of $210,097,611 reflect a $1,141,816 increase from prior year revenue of $208,955,795. Expenditures reflected an increase from $199,886,456 in 2024 to $210,407,359 in 2025.

Revenues increase is primarily due to $7,052,657 increase in property tax from $75,815,320 in 2024 to $82,867,977 in 2025 and $2,479,606 increase in state funding, offset by a $2,962,619 decrease in income surtax, $1,185,077 decrease in tuition and $5,518,355 decrease in federal grants. Property taxes increased due to 3.76% increase in assessed valuation and 3.35% increase in tax rate. The decrease in federal grants is primarily due to the decrease in COVID-19 funding.

The Capital Projects Fund fund balance decreased from $28,949,793 in fiscal year 2024 to ($16,906,711) in fiscal year 2025. The District expended $65,620,875 for facilities purchases and improvements in 2025. In addition, the Capital Projects Fund transferred $14,606,378 to the Debt Service Fund for payment of principal and interest on the District's revenue bonds.

Proprietary Fund Highlights

The Nutrition Fund net position increased from restated $7,020,688 in 2024 to $7,889,121 in 2025. This is primarily due to an increase in federal funding of the school nutrition program and an increase in meal sales.

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 $5,225,000.

The District's total actual revenues were $5,385,226 more than the total budgeted revenues.

Total expenditures were more than budgeted by $9,155,596, which included instruction, support services, and other expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the District had invested $611,818,465 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 $41,443,952 from last year. More detailed information about capital assets is available in Note 4 for the financial statements. Depreciation expense for the year was $18,228,192.

Major capital projects in the current year consisted of high school, middle school, and elementary school additions.

Table 4 Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total District	
	2025	2024	2025	2024	2025	2024
Land	$ 16,405,313	$ 15,798,273	$ -	$ -	$ 16,405,313	$ 15,798,273
Construction in progress	106,406,257	85,824,508	-	-	106,406,257	85,824,508
Buildings	436,402,756	429,718,738	-	-	436,402,756	429,718,738
Improvements other than buildings	31,804,523	32,419,363	-	-	31,804,523	32,419,363
Furniture, equipment and vehicles	17,663,142	4,777,639	994,620	934,272	18,657,762	5,711,911
Right-to-use leaes equipment	96,483	149,112	-	-	96,483	149,112
Right-to-use IT subscription	2,045,371	752,608	-	-	2,045,371	752,608
Total	$ 610,823,845	$ 569,440,241	$ 994,620	$ 934,272	$ 611,818,465	$ 570,374,513

Long-Term Debt

As of June 30, 2025, the District had $393,497,404 in long-term obligations outstanding. In 2025 the District paid $18,373,455 in principal and $10,665,872 in interest. See Table 5.

Table 5 Outstanding Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total District	
	2025	Restated 2024	2025	Restated 2024	2025	Restated 2024
General obligation bonds, net	$ 150,374,801	$ 159,037,168	$ -	$ -	$ 150,374,801	$ 159,037,168
Capital loan notes	-	945,000	-	-	-	945,000
Revenue bonds	146,930,000	155,890,000	-	-	146,930,000	155,890,000
Compensated absences	23,287,659	20,708,879	371,376	386,166	23,659,035	21,095,045
Early retirement	883,770	3,333,899	-	-	883,770	3,333,899
Equipment note	1,847,625	-	-	-	1,847,625	-
Lease obligations	101,497	154,209		-	101,497	154,209
IT subscription obligations	300,254	595,997	-	-	300,254	595,997
Total OPEB liability	16,089,959	16,819,043	-	-	16,089,959	16,819,043
Net pension liability	52,420,178	68,976,481	890,285	1,321,604	53,310,463	70,298,085
Total	$ 392,235,743	$ 426,460,676	$ 1,261,661	$ 1,707,770	$ 393,497,404	$ 428,168,446

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 2024-2025 was set at 2.5%, a decrease from 3.0% in fiscal year 2023-2024. This reduction, if continued, can create budgetary challenges in future years, as increases in state funding have not kept pace with inflationary pressures.

State funding is largely determined by certified enrollment and is based on the prior-year enrollment counts. October 2023 certified enrollment was 14,378.74 (funding for the 2024-2025 school year) and October 2024 certified enrollment was 14,550.55 (funding for the 2025-2026 school year) which represents an increase of 171.81 students. The October 2025 enrollment of 14,369.56 represents a decrease in students. The statewide drop in Iowa's school enrollment directly reflects the ongoing decline in Iowa's birth rates.

During FY25, FMP 2.0 construction was in progress on the three middle school additions, the West High Phase 3 renovation, the City High Phase 3 renovation/HVAC upgrade, a classroom addition/HVAC upgrade at Horn Elementary, the CFI Phase 2 renovation, and the Lemme, Weber, & Wickham HVAC upgrade projects. In addition, work had begun on the Penn & Wood preschool remodels, Lucas Elementary gym addition, & the City High baseball/softball fields at Mercer Park. Modular buildings were moved to Southeast to accommodate the middle school construction delays. Outdoor classrooms & ADA gliders continued to be installed at several elementary schools. The Hills Demolition project was also completed during this time, as well as added security fencing at Longfellow & Van Allen elementaries. FMP 2.3 planning was underway, but design costs were incurred during FY26.

PPEL life cycle projects included masonry repairs at Mann Elementary, roof replacements at Horn, Wood, & West High, a Coralville Central restroom/kitchen remodel, a walk-in cooler at the Physical Plant for Nutritional Services, and various hard surface improvements.

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, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash, cash equivalents and investments	$ 43,926,184	$ 8,269,936	$ 52,196,120
Property taxes receivables:			
Current year	567,086	-	567,086
Succeeding year	121,814,527	-	121,814,527
Income surtax	7,070,437	-	7,070,437
Due from other governments	6,748,885	152,438	6,901,323
Other receivables	143,727	-	143,727
Internal balances	(658,856)	658,856	-
Prepaid expenses	104,711	-	104,711
Inventories	-	185,194	185,194
Total current assets	179,716,701	9,266,424	188,983,125
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	16,405,313	-	16,405,313
Construction in progress	106,406,257	-	106,406,257
Depreciable:			
Buildings	580,594,701	-	580,594,701
Improvements other than buildings	52,243,702	-	52,243,702
Furniture, equipment and vehicles	49,632,390	2,835,283	52,467,673
Right-to-use leaes equipment	263,145	-	263,145
Right-to-use IT subscription	3,029,008	-	3,029,008
Accumulated depreciation/amortization	(197,750,671)	(1,840,663)	(199,591,334)
Net capital assets	610,823,845	994,620	611,818,465
Total assets	790,540,546	10,261,044	800,801,590
Deferred Outflows of Resources			
OPEB related deferred outflows	3,323,119	-	3,323,119
Pension related deferred outflows	19,727,403	335,043	20,062,446
Total deferred outflows of resources	23,050,522	335,043	23,385,565

See Notes to Basic Financial Statements.

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	12,282,774	49,025	12,331,799
Accrued liabilities	18,429,299	43,796	18,473,095
Claims payable	3,343,746	-	3,343,746
Interest payable	827,599	-	827,599
Unearned revenue	-	153,441	153,441
Compensated absences	16,301,361	259,963	16,561,324
Early retirement	847,407	-	847,407
IT subscription obligation	300,254	-	300,254
Lease liability	54,558	-	54,558
Equipment note	461,906	-	461,906
General obligation bonds	8,505,000	-	8,505,000
Revenue bonds	9,240,000	-	9,240,000
Other post employment benefits liability	970,970	-	970,970
Total current liabilities	71,564,874	506,225	72,071,099
Noncurrent liabilities:			
Compensated absences	6,986,298	111,413	7,097,711
Early retirement	36,363	-	36,363
Lease liability	46,939	-	46,939
Equipment note	1,385,719	-	1,385,719
General obligation bonds	141,869,801	-	141,869,801
Revenue bonds	137,690,000	-	137,690,000
Other post employment benefits liability	15,118,989	-	15,118,989
Net pension liability	52,420,178	890,285	53,310,463
Total noncurrent liabilities	355,554,287	1,001,698	356,555,985
Total liabilities	427,119,161	1,507,923	428,627,084
Deferred Inflows of Resources			
Property taxes	121,814,527	-	121,814,527
OPEB related deferred inflows	2,853,572	-	2,853,572
Pension related deferred inflows	3,152,955	53,548	3,206,503
Total deferred inflows of resources	127,821,054	53,548	127,874,602
Net Position			
Net investment in capital assets	303,014,298	994,620	304,008,918
Restricted for:			
Categorical funding	4,781,904	-	4,781,904
Physical plant and equipment	20,998,917	-	20,998,917
Debt service	525,230	-	525,230
Management levy	4,303,003	-	4,303,003
Unrestricted	(74,972,499)	8,039,996	(66,932,503)
Total net position	$ 258,650,853	$ 9,034,616	$ 267,685,469

Iowa City Community School District

Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Governmental Activities:			
Instruction			
Regular	$ 99,927,536	$ 3,373,308	$ 27,392,797
Special	54,602,892	484,212	105,056
Other	11,979,544	4,245,140	1,646,987
Support services:			
Student	7,629,501	-	-
Instructional staff	9,212,215	13,500	-
Administration	22,062,250	1,843,969	-
Plant operation and maintenance	30,244,863	267,160	-
Student transportation	5,946,071	60,738	265,571
Noninstructional programs	930,045	-	-
AEA flowthrough	5,868,388	-	5,868,388
Interest on long-term debt	10,064,480	-	-
Total governmental activities	258,467,785	10,288,027	35,278,799
Business-type activities:			
Nutrition services	9,094,806	3,976,330	6,163,454
Total business-type activities	9,094,806	3,976,330	6,163,454
Total primary government	$ 267,562,591	$ 14,264,357	$ 41,442,253
General revenues and transfers:			
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			
Transfers			
Total general revenues and transfers			
Change in net position			
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
$ -	$ (69,161,431)	$ -	$ (69,161,431)
-	(54,013,624)	-	(54,013,624)
-	(6,087,417)	-	(6,087,417)
-	(7,629,501)	-	(7,629,501)
-	(9,198,715)	-	(9,198,715)
-	(20,218,281)	-	(20,218,281)
-	(29,977,703)	-	(29,977,703)
-	(5,619,762)	-	(5,619,762)
-	(930,045)	-	(930,045)
-	-	-	-
-	(10,064,480)	-	(10,064,480)
-	(212,900,959)	-	(212,900,959)
-	-	1,044,978	1,044,978
-	-	1,044,978	1,044,978
$ -	$ (212,900,959)	$ 1,044,978	$ (211,855,981)
	82,867,977	-	82,867,977
	13,292,570	-	13,292,570
	12,935,035	-	12,935,035
	12,815,790	-	12,815,790
	1,386,324	-	1,386,324
	6,859,737	-	6,859,737
	204,818	-	204,818
	1,346,379	-	1,346,379
	19,018,587	-	19,018,587
	76,062,577	-	76,062,577
	2,929,180	265,373	3,194,553
	495,691	(495,691)	-
	230,214,665	(230,318)	229,984,347
	17,313,706	814,660	18,128,366
	241,337,147	8,219,956	249,557,103
	$ 258,650,853	$ 9,034,616	$ 267,685,469

Iowa City Community School District

Balance Sheet
Governmental Funds
June 30, 2025

	General	Capital Projects
Assets		
Cash, cash equivalents and investments	$ 25,088,344	$ 140,633
Property taxes receivable:		
Current year	379,454	63,636
Succeeding year	86,609,868	13,472,350
Income surtax receivable	7,070,437	-
Due from other governments	4,754,460	1,994,425
Other receivables	143,727	-
Due from other funds	12,295,101	-
Prepaid items	82,912	21,799
Total assets	$ 136,424,303	$ 15,692,843
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	$ 3,584,719	$ 8,255,370
Accrued liabilities	18,396,570	32,729
Due to other funds	159,622	10,839,105
Total liabilities	22,140,911	19,127,204
Deferred inflows of resources:		
Unavailable revenue - property tax	86,609,868	13,472,350
Unavailable revenue- income surtax	7,070,437	-
Unavailable revenue- other	1,336,660	-
Total deferred inflows of resources	95,016,965	13,472,350
Fund balances:		
Nonspendable	82,912	21,799
Restricted:		
Categorical funding	4,781,904	-
Physical plant and equipment	-	19,420,915
Management levy	-	-
Debt service	-	-
Unassigned	14,401,611	(36,349,425)
Total fund balances	19,266,427	(16,906,711)
Total liabilities, deferred inflows of resources and fund balances	$ 136,424,303	$ 15,692,843

See Notes to Basic Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 5,215,511	$ 30,444,488
123,996	567,086
21,732,309	121,814,527
-	7,070,437
-	6,748,885
-	143,727
-	12,295,101
-	104,711
$ 27,071,816	$ 179,188,962
$ 36,611	$ 11,876,700
-	18,429,299
2,129,508	13,128,235
2,166,119	43,434,234
21,732,309	121,814,527
-	7,070,437
-	1,336,660
21,732,309	130,221,624
-	104,711
-	4,781,904
-	19,420,915
4,303,003	4,303,003
525,230	525,230
(1,654,845)	(23,602,659)
3,173,388	5,533,104
$ 27,071,816	$ 179,188,962

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Iowa City Community School District

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities
June 30, 2025

Total fund balances of governmental funds		$ 5,533,104
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.		610,823,845
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	7,070,437	
Other	1,336,660	8,407,097
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	14,866,690	
Other current liabilities	(3,815,041)	11,051,649
Internal service funds allocated to business-type activities		(1,145,495)
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	19,727,403	
Deferred inflows of resources related to pension	(3,152,955)	
Deferred inflows of resources related to OPEB	(2,853,572)	
Deferred outflows of resources related to OPEB	3,323,119	17,043,995
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	(141,250,000)	
Revenue bonds payable	(146,930,000)	
Bond premiums	(9,124,801)	
Accrued interest payable	(827,599)	
Equipment note	(1,847,625)	
IT subscription obligation	(300,254)	
Lease liability	(101,497)	
Compensated absences	(23,287,659)	
Early retirement	(883,770)	
Other postemployment benefits obligation	(16,089,959)	
Net pension liability	(52,420,178)	(393,063,342)
Net position of governmental activities		$ 258,650,853

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, 2025

	General	Capital Projects
Revenues:		
Local sources:		
Property tax	$ 82,867,977	$ 12,935,035
Utility excise tax	955,470	138,689
Income surtax	6,775,731	-
Other tax	140,669	20,634
Tuition	2,989,121	-
Interest	1,211,503	1,251,259
Other	3,264,352	-
State sources	104,011,748	19,152,275
Federal sources	7,881,040	-
Total revenues	210,097,611	33,497,892
Expenditures:		
Current:		
Instruction:		
Regular	83,330,803	-
Special	52,875,457	-
Vocational and other	6,493,097	-
Support services:		
Student	7,835,603	-
Instructional	9,476,118	-
Administration	19,524,057	-
Operation and maintenance	19,151,834	203,941
Transportation	5,830,974	-
Noninstructional programs	21,028	932,173
Other expenditures:		
AEA flowthrough	5,868,388	-
Capital outlay	-	65,620,875
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total expenditures	210,407,359	66,756,989
Excess (deficiency) of revenues over (under) expenditures	(309,748)	(33,259,097)
Other financing sources (uses):		
Proceeds from sale of capital asset	27,431	161,346
Issuance of equipment note	-	1,847,625
Transfers in	495,691	-
Transfers out	-	(14,606,378)
Total other financing sources (uses)	523,122	(12,597,407)
Net change in fund balances	213,374	(45,856,504)
Fund balances, beginning of year (Note 16)	19,053,053	28,949,793
Fund balances, end of year	$ 19,266,427	$ (16,906,711)

See Notes to Basic Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 26,108,360	$ 121,911,372
292,165	1,386,324
-	6,775,731
43,515	204,818
-	2,989,121
2,871	2,465,633
3,164,932	6,429,284
281,631	123,445,654
-	7,881,040
29,893,474	273,488,977
4,866,175	88,196,978
-	52,875,457
3,663,141	10,156,238
-	7,835,603
-	9,476,118
1,183,690	20,707,747
4,652,599	24,008,374
108,362	5,939,336
-	953,201
-	5,868,388
-	65,620,875
18,373,455	18,373,455
10,665,872	10,665,872
43,513,294	320,677,642
(13,619,820)	(47,188,665)
-	188,777
-	1,847,625
14,606,378	15,102,069
-	(14,606,378)
14,606,378	2,532,093
986,558	(44,656,572)
2,186,830	50,189,676
$ 3,173,388	$ 5,533,104

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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, 2025

Net change in fund balances - total governmental funds		$ (44,656,572)
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	$ 60,700,912	
Depreciation/amortization expense	(18,098,979)	42,601,933
Proceeds from sale of capital assets	(188,777)	
Loss on disposal of capital assets	(1,029,552)	(1,218,329)
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	84,006	
Other, charges for services	869,622	
Other, operating grants and contributions	379,648	1,333,276
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	18,373,455	
Issuance of equipment note	(1,847,625)	
Premium amortization	542,367	
Change in accrued interest payable	59,025	17,127,222
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the Internal Service Fund is reported with governmental activities.		(3,684,933)
Change in internal service funds allocation to business-type activities		53,773
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	(2,578,780)	
Change in early retirement	2,450,129	
Change in OPEB expense and related deferrals	(1,052,145)	
Change in pension expense and related deferrals	6,938,132	5,757,336
Change in net position of governmental activities		$ 17,313,706

Iowa City Community School District

Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities	Governmental Activities
	School Nutrition	Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	$ 8,269,936	$ 13,481,696
Due from other governments	152,438	-
Due from other funds	159,622	1,384,994
Inventories	185,194	-
Total current assets	8,767,190	14,866,690
Noncurrent assets:		
Capital assets:		
Furniture and equipment	2,835,283	-
Less accumulated depreciation	(1,840,663)	-
Total noncurrent assets	994,620	-
Total assets	9,761,810	14,866,690
Deferred Outflows of Resources		
Pension related amounts	335,043	-
Total deferred outflows of resources	335,043	-
Liabilities		
Current liabilities:		
Accounts payable	49,025	406,074
Accrued liabilities	43,796	-
Due to other funds	646,261	65,221
Claims payable	-	3,343,746
Compensated absences	259,963	-
Unearned revenue	153,441	-
Total current liabilities	1,152,486	3,815,041
Noncurrent liabilities:		
Compensated absences	111,413	-
Net pension liability	890,285	-
Total noncurrent liabilities	1,001,698	-
Total liabilities	2,154,184	3,815,041
Deferred Inflows of Resources		
Pension related amounts	53,548	-
Total deferred inflows of resources	53,548	-
Net Position		
Net investment in capital assets	994,620	-
Unrestricted	6,894,501	11,051,649
Total net position	$ 7,889,121	$ 11,051,649

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, 2025

Total net position of enterprise fund	$	7,889,121
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.		1,145,495
Net position of business-type activities	$	9,034,616

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, 2025

	Business-Type Activities	Governmental Activities
	School Nutrition	Internal Service Fund
Operating revenues:		
Local sources:		
Food sales	$ 3,976,330	$ -
Charges for service	-	16,223,882
Employee premiums	-	4,145,080
Total operating revenues	3,976,330	20,368,962
Operating expenses:		
Support services:		
Administration	36	-
Plant operation and maintenance	57,509	-
Noninstructional programs:		
Salaries	3,154,239	-
Employee benefits	963,958	-
Purchased services	15,601	-
Purchased food	3,581,278	-
Supplies	1,139,199	-
Depreciation	129,213	-
Claims and administrative fees	-	24,517,442
Total operating expenses	9,041,033	24,517,442
Operating (loss)	(5,064,703)	(4,148,480)
Nonoperating revenues:		
Interest income	265,373	463,547
State appropriations	55,408	-
Federal appropriations	6,108,046	-
Total nonoperating revenues	6,428,827	463,547
Income before transfers	1,364,124	(3,684,933)
Transfers out	(495,691)	-
Change in net position	868,433	(3,684,933)
Net position, beginning of year, as restated	7,020,688	14,736,582
Net position, end of year	$ 7,889,121	$ 11,051,649

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, 2025

Net changes in net position in the enterprise fund	$	868,433
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.		(53,773)
Net position of governmental activities	$	814,660

See Notes to Basic Financial Statements.

Iowa City Community School District

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities	Governmental Activities
	School Nutrition	Internal Service Fund
Cash flows from operating activities:		
Cash received from user charges	$ 3,907,744	$ 20,368,962
Cash payments to employees for services	(4,343,945)	-
Cash payment for claims and administrative	-	(24,098,881)
Cash payments to suppliers for goods or services	(4,102,394)	-
Net cash (used in) operating activities	(4,538,595)	(3,729,919)
Cash flows from noncapital financing activities:		
Proceeds from other funds	-	65,221
Payments to other funds	(4,077,389)	(817,173)
State grants received	55,408	-
Federal grants received	5,333,443	-
Net cash provided by (used in) noncapital financing activities	1,311,462	(751,952)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(189,561)	-
Net cash (used in) capital and related financing activities	(189,561)	-
Cash flows from investing activities, interest received	265,373	463,547
Net (decrease) in cash and cash equivalents	(3,151,321)	(4,018,324)
Cash and cash equivalents, beginning of year	11,421,257	17,500,020
Cash and cash equivalents, end of year	$ 8,269,936	$ 13,481,696

(Continued)

Iowa City Community School District

Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities	Governmental Activities
	School Nutrition	Internal Service Fund
Reconciliation of operating (loss) to net cash (used in) operating activites:		
Operating (loss)	$ (5,064,703)	$ (4,148,480)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	129,213	-
Federal commodities used	637,330	-
Change in assets and liabilities:		
Decrease in inventories	7,689	-
Increase in accounts payable and accrued liabilities	46,210	3,169
Increase in claims payable	-	415,392
(Decrease) in unearned revenues	(68,586)	-
(Decrease) in compensated absences	(14,790)	-
(Decrease) in net pension liability and related deferred outflows/inflows	(210,958)	-
Net cash (used in) operating activities	$ (4,538,595)	$ (3,729,919)
Schedule of noncash items		
Noncapital financing activities, federal commodities	$ 637,330	$ -

See Notes to Basic Financial Statements.

Iowa City Community School District

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Private Purpose Trust Funds
Assets	
Cash and pooled investments	$ 123,644
Total assets	123,644
Liabilities	
Other payables	5,390
Total liabilities	5,390
Net Position	
Assets held in trust	$ 118,254

See Notes to Basic Financial Statements.

Iowa City Community School District

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2025

	Private Purpose Trust Funds
Additions	
Local sources:	
Interest income	$ 507
Fundraising and donations	297,425
Total additions	297,932
Deductions	
Administrative expenses	319,630
Total deductions	319,630
Change in net position	(21,698)
Net position, beginning of year	139,952
Net position, end of year	$ 118,254

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.

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, 2025, the District had $4,781,904 restricted for categorical funding, $20,998,917 restricted for physical plant and equipment levy, $525,230 restricted for debt service, and $4,303,003 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 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 Management Levy Fund, a special revenue fund, accounts for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

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, 2023 assessed property valuations; is for the tax accrual period July 1, 2024 through June 30, 2025 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2024.

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

Inventories: Inventories 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, sick leave, and personal leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when each of the following have occurred: the leave is attributable to services already rendered, the leave accumulates and carries forward from one reporting period to the next and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The District estimates the compensated absences liability for leave benefits that are more likely than not to be used or otherwise paid or settled based on historical information on employees use or payment of the benefits provided. The liability is measured using the pay rates in effect at year-end, the measurement date, and includes salary-related payments that are directly and incrementally associated with the leave liability measurement.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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 instruction, noninstructional programs and other expenditures function by $9,677,270, $13,363 and $4,715,394 respectively in 2025.

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, 2025, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) Diversified Fund which are valued at amortized cost of $30,746,894 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, 2025, 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	$30,746,894	$30,746,894	$ -	$ -	$ -	N/A	AAAm	N/A

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, 2025, 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	$	21,572,870
Iowa Schools Joint Investment Trust		30,746,894
Total cash, cash equivalents and investments	$	52,319,764
Government-wide statement of net position	$	52,196,120
Statement of fiduciary net position		123,644
Total cash, cash equivalents and investments	$	52,319,764

Note 3. Interfund Balances and Interfund Transfers

The detail of interfund balances as of June 30, 2025 is as follows:

	Due From Other Funds	Due To Other Funds
Major Funds:		
General Fund	$ 12,295,101	$ 159,622
Capital Projects Fund	-	10,839,105
Nutrition Fund	159,622	646,261
Nonmajor governmental funds	-	2,129,508
Internal Service Fund	1,384,994	65,221
Total	$ 13,839,717	$ 13,839,717

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

The detail of interfund transfers for the year ended June 30, 2025 is as follows:

	Transfer In	Transfer Out
Major Funds:		
General Fund	$ 495,161	$ -
Capital Projects Fund	-	14,606,378
Nutrition Fund	-	495,161
Nonmajor governmental funds	14,606,378	-
Total	$ 15,101,539	$ 15,101,539

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 Nutrition Fund to the General Fund was authorized for indirect costs.

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2025 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	$ 607,040	$ -	$ 16,405,313
Construction in progress	85,824,508	43,340,547	22,758,798	106,406,257
Total capital assets not being depreciated/amortized	101,622,781	43,947,587	22,758,798	122,811,570
Capital assets being depreciated/amortized:				
Buildings	562,462,921	20,410,571	2,278,791	580,594,701
Improvements other than buildings	50,707,713	1,538,671	2,682	52,243,702
Furniture, equipment and vehicles	33,990,528	15,654,996	13,134	49,632,390
Right-to-use lease equipment	263,145	-	-	263,145
Right-to-use IT subscription	1,159,303	1,907,885	38,180	3,029,008
Total capital assets being depreciated/amortized	648,583,610	39,512,123	2,332,787	685,762,946
Less accumulated depreciation and amortization for:				
Buildings	132,744,183	12,508,827	1,061,065	144,191,945
Improvements other than buildings	18,288,350	2,152,908	2,079	20,439,179
Furniture, equipment and vehicles	29,212,889	2,769,493	13,134	31,969,248
Right-to-use lease equipment	114,033	52,629	-	166,662
Right-to-use IT subscription	406,695	615,122	38,180	983,637
Total accumulated depreciation and amortization	180,766,150	18,098,979	1,114,458	197,750,671
Total capital assets being depreciated/amortized, net	467,817,460	21,413,144	1,218,329	488,012,275
Governmental activities capital assets, net	$ 569,440,241	$65,360,731	$23,977,127	$610,823,845

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Capital assets being depreciated, Furniture and equipment	$ 2,645,722	$ 189,561	$ -	$ 2,835,283
Less accumulated depreciation for, Furniture and equipment	1,711,450	129,213	-	1,840,663
Business-type activities capital assets, net	$ 934,272	$ 60,348	$ -	$ 994,620

Note 4. Capital Assets (Continued)

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

Governmental activities:	
Instruction:	
Regular	$ 12,118,324
Special	1,727,435
Other	1,823,306
Support services:	
Administration	1,828,536
Plant operation and maintenance	592,662
Transportation	8,716
Total governmental activities depreciation and amortization expense	$ 18,098,979
Business-type activities:	
School nutrition	$ 129,213
Total business-type activities depreciation expense	$ 129,213

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2025 is as follows:

	Restated Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	$ 149,370,000	$ -	$ 8,120,000	$ 141,250,000	$ 8,505,000
Premiums	9,667,168	-	542,367	9,124,801	-
Net general obligation bonds	159,037,168	-	8,662,367	150,374,801	8,505,000
Direct borrowings:					
Revenue bonds	155,890,000	-	8,960,000	146,930,000	9,240,000
Capital loan note	945,000	-	945,000	-	-
Equipment note	-	1,847,625	-	1,847,625	461,906
Lease obligations	154,209	-	52,712	101,497	54,558
IT subscription obligations	595,997	-	295,743	300,254	300,254
Total	316,622,374	1,847,625	18,915,822	299,554,177	18,561,718
Other long-term liabilities:					
Compensated absences	20,708,879	2,578,780	-	23,287,659	16,301,361
Early retirement	3,333,899	948,158	3,398,287	883,770	847,407
Total OPEB liability	16,819,043	-	729,084	16,089,959	970,970
Net pension liability	68,976,481	-	16,556,303	52,420,178	-
Total other	109,838,302	3,526,938	20,683,674	92,681,566	18,119,738
Total governmental activities	$ 426,460,676	$ 5,374,563	$ 39,599,496	$ 392,235,743	$ 36,681,456
Business-type activities:					
Net pension liability	$ 1,321,604	$ -	$ 431,319	$ 890,285	$ -
Compensated absences	386,166	-	14,790	371,376	259,963
Total business-type activites	$ 1,707,770	$ -	$ 446,109	$ 1,261,661	$ 259,963

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 with interest at 3.71%. During the year ended June 30, 2025, principal and interest paid were $52,712 and $4,480 respectively. Lease liability maturities are as follows:

	Lease		
Year ending June 30:	Principal	Interest	Total
2026	$ 54,558	$ 2,634	$ 57,192
2027	46,939	743	47,682
Totals	$ 101,497	$ 3,377	$ 104,874

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, 2025, principal and interest paid were $295,743 and $21,899 respectively, with interest at 3.71%. Subscription-based liability maturities are as follows:

	SBITA		
Year ending June 30:	Principal	Interest	Total
2026	$ 300,254	$ 11,139	$ 311,393

Equipment note: The District entered into an agreement for apple computers. The agreement requires annual payments of $461,906 beginning July 15, 2025 and ending July 15, 2028 and is noninterest bearing. The equipment note maturities are as follows:

	Equipment Note		
Year ending June 30:	Principal	Interest	Total
2026	$ 461,906	$ -	$ 461,906
2027	461,906	-	461,906
2028	461,906	-	461,906
2029	461,907	-	461,907
Totals	$ 1,847,625	$ -	$ 1,847,625

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.

Note 5. Long-Term Liabilities (Continued)

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 2025 and 2024, 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 2025 and 2024, employees could receive up to 20 sick days paid out, also based on application date.

Early retirement benefits paid from the Special Revenue, Management Levy Fund during the year ending June 30, 2025, totaled $3,398,287. There were 18 new employee elections in fiscal year 2025. Therefore, at June 30, 2025, the District had obligations to 22 participants with a total liability of $883,770 ($810,538 to 18 new retirees, $73,232 remaining to 4 prior retirees). The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements.

Bonds payable: Details of the District's general obligation bonds, general obligation capital loan notes and revenue bonds indebtedness as of June 30, 2025 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.

Note 5. Long-Term Liabilities (Continued)

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
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	2,850,000	768,630	3,618,630	3,550,000	1,462,875	5,012,875
2031-2035	15,520,000	2,562,143	18,082,143	19,780,000	4,901,875	24,681,875
2036-2039	6,900,000	336,465	7,236,465	13,750,000	1,038,863	14,788,863
Totals	$35,850,000	$ 7,555,658	$ 43,405,658	$ 50,160,000	$ 14,917,113	$ 65,077,113

Year Ending June 30:	General Obligation Bonds- Series 2020 Annual Principal and Interest Requirements			Total		
	Principal	Interest	Total	Principal	Interest	Total
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	3,725,000	1,067,331	4,792,331	10,125,000	3,298,836	13,423,836
2031-2035	20,295,000	3,684,069	23,979,069	55,595,000	11,148,087	66,743,087
2036-2039	18,060,000	1,125,656	19,185,656	38,710,000	2,500,984	41,210,984
Totals	$55,240,000	$11,702,730	$ 66,942,730	$ 141,250,000	$ 34,175,501	$ 175,425,501

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). As of June 30, 2025 the Capital Loan Notes have been paid in full.

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.

Note 5. Long-Term Liabilities (Continued)

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, 2024 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.

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 resulted 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 2025 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 $184,964,002, payable through 2038. For the current year, principal and interest paid were $14,231,545 and total incremental sales tax revenues were $19,018,587.

The resolution providing for the issuance of the revenue bonds included the following provisions:

- All proceeds from the statewide sales, services and use tax shall be deposited into the revenue account.
- Monies in the revenue account shall be disbursed to the Sinking Fund and Surplus Revenue Fund in order of priority.
- The required amount to be deposited in the Sinking Fund in any month shall be the equal monthly amount necessary to pay in full the installment of interest coming due on the next interest payment date, plus the equal monthly amount necessary to pay in full the installment of principal coming due on the next succeeding principal payment date until the full amount of such installment is on hand. If for any reason the amount on hand in the Sinking Fund exceeds the required amount, the excess shall be withdrawn and paid into the Reserve Fund.
- All money thereafter remaining in the Revenue Fund at the close of each month may be used to pay for other expenses of the Project, pay or redeem the Bonds or obligations or for any lawful purpose.

As of June 30, 2025, the District did not comply with the Sinking Fund requirements.

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
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	$ 3,615,000	$ 205,426	$ 3,820,426	$ 4,040,000	$ 261,120	$ 4,301,120

Year Ending June 30:	Series 2017B Annual Principal and Interest Requirements			Series 2018 Annual Principal and Interest Requirements		
	Principal	Interest	Total	Principal	Interest	Total
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	$ 7,930,000	$ 478,975	$ 8,408,975	$ 3,485,000	$ 292,215	$ 3,777,215

Year Ending June 30:	Series 2022A Annual Principal and Interest Requirements			Series 2023 Annual Principal and Interest Requirements		
	Principal	Interest	Total	Principal	Interest	Total
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	7,250,000	2,179,517	9,429,517	3,205,000	1,593,260	4,798,260
2031-2035	40,050,000	7,099,504	47,149,504	17,900,000	6,091,820	23,991,820
2036-2038	17,955,000	904,472	18,859,472	21,840,000	1,981,697	23,821,697
Totals	$ 65,300,000	$18,904,233	$ 84,204,233	$ 62,560,000	$17,892,033	$80,452,033

Year Ending June 30:	Total Annual Principal and Interest Requirements		
	Principal	Interest	Total
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	10,455,000	3,772,777	14,227,777
2031-2035	57,950,000	13,191,324	71,141,324
2036-2038	39,795,000	2,886,169	42,681,169
Totals	$ 146,930,000	$38,034,002	$184,964,002

Note 5. Long-Term Liabilities (Continued)

As of June 30, 2025, the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	$	15,410,284,961
Debt limit, 5% of total assessed valuation	$	770,514,248
Amount of debt applicable to debt limit:		
General Obligation Bonds		141,250,000
Equipment note		1,847,625
Lease obligations		101,497
IT subscription obligations		300,254
Total indebtedness		143,499,376
Legal debt margin	$	627,014,872

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, 2025 for each plan are as shown below:

Rate Tier		Medical
Single	$	675
Family		1,400

Employees covered by benefit terms: At June 30, 2025, 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 $16,089,959 was measured as of June 30, 2025 and was determined by a rolled forward actuarial valuation dated February 18, 2026.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2025 rolled forward 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	5.20%
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, 2025 rolled forward 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, 2024	$ 16,819,043
Changes for the year:	
Service cost	1,304,008
Interest	693,156
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(1,755,278)
Benefit payments	(970,970)
Net changes	(729,084)
Balance at June 30, 2025	$ 16,089,959

There were no changes as a result of changes in benefit terms. The discount rate was 3.93% per annum in 2024 and 5.20% per annum in 2025.

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 (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	$ 17,463,000	$ 16,089,959	$ 14,846,000

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 (6.75% decreasing to 3%)	Healthcare Cost Trend Rates (7.75% decreasing to 4%)	1% Increase (8.75% decreasing to 5%)
Total OPEB liability	$ 14,336,000	$ 16,089,959	$ 18,187,000

For the year ended June 30, 2025, the District recognized OPEB expense of $2,023,115. At June 30, 2025, 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	$ 2,446,548	$ 646,319
Changes of assumptions or other inputs	876,571	2,207,253
Net difference between projected and actual investments	-	-
Total	$ 3,323,119	$ 2,853,572

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:	
2026	$ 25,951
2027	25,951
2028	25,951
2029	25,950
2030	25,951
Thereafter	339,793
	$ 469,547

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 2025, 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, 2025 were $13,346,787.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2025, the District reported a liability of $53,310,463 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2024, the District's proportion was 1.463971 percent, which was a decrease of 0.093479 percent from its proportion measured as of June 30, 2023.

Note 7. Pension and Retirement Benefits (Continued)

For the year ended June 30, 2025, the District recognized pension expense of $6,197,697. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,241,959	$ 33,117
Changes of assumptions	-	745
Net difference between projected and actual earnings on pension plan investments	666,736	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,806,964	3,172,641
District contributions subsequent to the measurement date	13,346,787	-
Total	$ 20,062,446	$ 3,206,503

$13,346,787 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2026	$ (7,049,051)
2027	13,003,941
2028	123,703
2029	(2,372,899)
2030	(196,538)
Thereafter	-
Total	$ 3,509,156

There were no non-employer contributing entities to IPERS.

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

Rate of Inflation (effective June 30, 2017)	2.60 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, 2024 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 2024 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%	3.52%
International equity	13.0%	5.18%
Global smart beta equity	5.0%	4.12%
Core plus fixed income	25.5%	3.04%
Public credit	3.0%	4.53%
Cash	1.0%	1.69%
Private equity	17.0%	8.89%
Private real assets	9.0%	4.25%
Private credit	5.5%	6.62%
Total	100%	

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	$ 130,822,921	$ 53,310,463	$ (11,606,628)

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, 2025, the District reported payables to the defined benefit pension plan of $1,358,484 for legally required employer contributions and $905,177 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, 2025. 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 2025, 2024 or 2023. Payments to IPSIP by the District in order to maintain adequate insurance coverage in fiscal year 2025 was $4,239,032.

Employee health insurance: During the year ended June 30, 2025, 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, 2025 and 2024 were as follows:

Self-Insurance Liability	Beginning	Claims and Changes in Estimates	Claims Payments	Ending
2025	$ 2,928,354	$ 23,777,927	$23,362,535	$3,343,746
2024	1,485,473	22,645,693	21,202,812	2,928,354

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 $5,868,388 for the year ended June 30, 2025 and is recorded in the General Fund.

Note 10. Categorical Funding

The District's fund balance restricted for categorical funding as of June 30, 2025 is comprised of the following programs:

Program	Amount
Gifted and talented	$ 290,058
Home school assistance program	597,821
4 year old preschool	1,543,513
Dropout prevention	4,899
Early intervention	1,229,734
Teacher market quality factor	17,147
Flexibility fund	1,000,000
Other	98,732
Total	$ 4,781,904

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 as of June 30, 2025. The total contract commitments are $103,652,549 of which $98,262,347 has been incurred as of June 30, 2025. The unpaid commitment balance is $5,390,202.

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 2025, 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, 2025 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	$ 1,038,733
City of North Liberty, Iowa	Urban renewal and economic development projects	56,677
City of University Heights, Iowa	Urban renewal and economic development projects	257,261
City of Coralville, Iowa	Urban renewal and economic development projects	795,158

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, 2025, this reimbursement amounted to $877,593.

Note 14. Governmental Accounting Standards Board (GASB) Pronouncements

The District adopted the following statements during the year ended June 30, 2025:

GASB Statement No. 101, *Compensated Absences*, issued June 2022. 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.

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

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. 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.

The above statements did not have a significant impact to the District except for GASB Statement No. 101 required the District to restate beginning net position of the governmental activities and business-type activities and major enterprise fund, School Nutrition.

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

	Governmental Activities	Business-Type Activites	Major Enterprise School Nutrition Fund
Net position June 30, 2024, as previously reported	$ 261,260,842	$ 8,606,122	$ 7,406,854
Compensated absences change	19,923,695	386,166	386,166
Net position June 30, 2024, as restated	$ 241,337,147	$ 8,219,956	$ 7,020,688

Note 16. Change Within Financial Reporting Entity

In 2025, the District was not required to report the Management Levy Fund as a major fund due to the Fund no longer meeting the major fund quantitative threshold. The effect of the change within the financial reporting entity is as follows:

	Management Levy Fund	Aggregate Remaining Fund Information Other Governmental Funds
Net position, previously reported	$ 1,793,411	$ 393,419
Net position, beginning of year	-	2,186,830

Note 17. Deficit Fund Balances

At June 30, 2025, the Student Activity Fund had a deficit fund balance of $1,654,845, and the Capital Projects Fund had a deficit fund balance of $16,906,711, resulting from expenditures in excess of total revenues. The deficit in the Capital Projects Fund by account is on page 76.

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, 2025

	Governmental Funds - Actual	Enterprise Funds - Actual
Revenues:		
Local sources	$ 142,162,283	$ 4,241,703
State sources	123,445,654	55,408
Federal sources	7,881,040	6,108,046
Total revenues	273,488,977	10,405,157
Expenditures/expenses:		
Current:		
Instruction	151,228,673	-
Support services	67,967,178	57,545
Noninstructional programs	953,201	8,983,488
Other expenditures	100,528,590	-
Total expenditures/expenses	320,677,642	9,041,033
Excess (deficiency) of revenues over (under) expenditures/expenses	(47,188,665)	1,364,124
Other financing sources (uses), net	2,532,093	(495,691)
Net change in fund balances:	(44,656,572)	868,433
Fund balance, beginning of year, as restated	50,189,676	7,020,688
Fund balance, end of year	$ 5,533,104	$ 7,889,121

See Notes to Required Supplementary Information.

Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
$ 146,403,986	$ 144,978,561	$ 144,978,561	$ 1,425,425
123,501,062	121,180,347	121,180,347	2,320,715
13,989,086	12,350,000	12,350,000	1,639,086
283,894,134	278,508,908	278,508,908	5,385,226
151,228,673	141,551,403	141,551,403	(9,677,270)
68,024,723	69,025,154	73,275,154	5,250,431
9,936,689	8,948,326	9,923,326	(13,363)
100,528,590	95,813,196	95,813,196	(4,715,394)
329,718,675	315,338,079	320,563,079	(9,155,596)
(45,824,541)	(36,829,171)	(42,054,171)	(3,770,370)
2,036,402	45,000	45,000	1,991,402
(43,788,139)	$ (36,784,171)	$ (42,009,171)	$ (1,778,968)
57,210,364			
$ 13,422,225			

Iowa City Community School District

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

	2025	2024
Total OPEB liability		
Changes for the year:		
Service cost	$ 1,304,008	$ 1,167,885
Interest	693,156	502,627
Changes of benefit terms	-	-
Differences between expected and actual experience	-	2,201,605
Changes in assumptions or other inputs	(1,755,278)	751,191
Benefit payments	(970,970)	(813,969)
Net changes in total OPEB liability	(729,084)	3,809,339
Total OPEB liability - beginning	16,819,043	13,009,704
Total OPEB liability - ending	$ 16,089,959	$ 16,819,043
Covered employee payroll	$ 136,158,246	$ 132,192,472
Total OPEB liability as a percentage of covered employee payroll	11.82%	12.72%

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:	5.20%	3.93%

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.

2023	2022	2021	2020	2019	2018
$ 1,147,290	$ 1,034,983	$ 1,004,245	$ 1,212,628	$ 1,107,946	$ 1,066,666
460,333	265,008	249,513	402,823	387,356	352,150
-	-	-	-	-	-
-	619,050	-	-	-	-
(123,857)	(412,092)	46,032	(988,072)	354,106	(245,309)
(661,062)	(552,558)	(706,202)	(569,938)	(338,147)	(272,000)
822,704	954,391	593,588	57,441	1,511,261	901,507
12,187,000	11,232,609	10,639,021	10,581,580	9,070,319	8,168,812
$ 13,009,704	$ 12,187,000	$ 11,232,609	$ 10,639,021	$ 10,581,580	$ 9,070,319
$ 100,872,000	$ 97,461,118	$ 104,937,000	$ 101,388,150	$ 113,399,974	$ 106,067,467
12.90%	12.50%	11.00%	10.00%	9.00%	9.00%
3.65%	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

	2025*	2024*	2023*	2022*
District's proportion of the net pension liability	1.463971%	1.557450%	1.545712%	1.465393%
District's proportionate share of the net pension liability	$ 53,310,463	$ 70,298,085	$ 61,350,782	$ 2,054,352
District's covered payroll	$ 135,107,663	$ 136,727,203	$ 130,756,070	$ 118,908,951
District's proportionate share of the net pension liability as a percentage of its covered payroll	39.46%	51.41%	46.92%	1.73%
Plan fiduciary net pension as a percentage of the total pension liability	92.30%	90.13%	91.40%	100.81%

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

See Notes to Required Supplementary Information.

2021*	2020*	2019*	2018*	2017*	2016*
1.468799%	1.475751%	1.441664%	1.371182%	1.330969%	1.316883%
$ 102,459,357	$ 86,029,745	$ 91,203,343	$ 90,521,204	$ 83,762,076	$ 65,060,367
$ 115,729,873	$ 114,566,896	$ 109,010,291	$ 101,421,937	$ 95,494,737	$ 90,210,145
88.53%	75.09%	83.66%	89.25%	87.71%	72.12%
82.90%	85.45%	83.62%	82.21%	81.82%	85.19%

Iowa City Community School District

Required Supplementary Information
Schedule of District Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years

	2025	2024	2023	2022
Statutorily required contribution	$ 13,346,787	$ 12,752,201	$ 12,907,048	$ 12,343,373
Contributions in relation to the statutorily required contribution	$ (13,346,787)	$ (12,752,201)	$ (12,907,048)	$ (12,343,373)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 141,379,525	$ 135,107,663	$ 136,727,203	$ 130,756,070
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%

See Notes to Required Supplementary Information.

2021	2020	2019	2018	2017	2016
$ 11,225,005	$ 10,924,900	$ 10,815,115	$ 9,734,619	$ 9,056,979	$ 8,527,680
$ (11,225,005)	$ (10,924,900)	$ (10,815,115)	$ (9,734,619)	$ (9,056,979)	$ (8,527,680)
$ -	$ -	$ -	$ -	$ -	$ -
$ 118,908,951	$ 115,729,873	$ 114,566,896	$ 109,010,291	$ 101,421,937	$ 95,494,737
9.44%	9.44%	9.44%	8.93%	8.93%	8.93%

Iowa City Community School District

Notes to Required Supplementary Information

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 $5,225,000. The District overexpended the instruction, noninstructional and other expenditures functions as of June 30, 2025.

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 2024 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, 2025

	Debt Service	Special Revenue: Management Levy	Special Revenue: Student Activity	Total
Assets				
Cash, cash equivalents and investments	$ 459,836	$ 4,244,401	$ 511,274	$ 5,215,511
Receivables:				
Property tax:				
Current year	65,394	58,602	-	123,996
Succeeding year	13,448,067	8,284,242	-	21,732,309
Total assets	$ 13,973,297	$ 12,587,245	$ 511,274	$ 27,071,816
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	$ -	$ -	$ 36,611	$ 36,611
Due to other funds	-	-	2,129,508	2,129,508
Total liabilities	-	-	2,166,119	2,166,119
Deferred inflows of resources, unavailable revenue:				
property tax	13,448,067	8,284,242	-	21,732,309
Fund balances (deficit):				
Restricted for:				
Debt service	525,230	-	-	525,230
Management levy	-	4,303,003	-	4,303,003
Unassigned	-	-	(1,654,845)	(1,654,845)
Total fund balances (deficit)	525,230	4,303,003	(1,654,845)	3,173,388
Total liabilities, deferred inflows of resources and fund balances (deficit)	$ 13,973,297	$ 12,587,245	$ 511,274	$ 27,071,816

Iowa City Community School District

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

	Debt Service	Special Revenue: Management Levy	Special Revenue: Student Activity	Total
Revenues:				
Local sources:				
Property tax	$ 13,292,570	$ 12,815,790	$ -	$ 26,108,360
Utility excise tax	142,522	149,643	-	292,165
Other tax	21,204	22,311	-	43,515
Interest	-	-	2,871	2,871
Other	-	-	3,164,932	3,164,932
State sources	137,383	144,248	-	281,631
Total revenues	13,593,679	13,131,992	3,167,803	29,893,474
Expenditures:				
Current:				
Instruction:				
Regular	-	4,866,175	-	4,866,175
Vocational and other	-	-	3,663,141	3,663,141
Support services:				
Administration	12,300	1,169,294	2,096	1,183,690
Operation and maintenance	-	4,586,931	65,668	4,652,599
Transportation	-	-	108,362	108,362
Debt service:				
Principal retirement	18,373,455	-	-	18,373,455
Interest and fiscal charges	10,665,872	-	-	10,665,872
Total expenditures	29,051,627	10,622,400	3,839,267	43,513,294
Excess (deficiency) of revenues over (under) expenditures	(15,457,948)	2,509,592	(671,464)	(13,619,820)
Other financing sources:				
Transfers in	14,606,378	-	-	14,606,378
Total other financing sources	14,606,378	-	-	14,606,378
Net change in fund balances	(851,570)	2,509,592	(671,464)	986,558
Fund balances (deficit), beginning of year	1,376,800	1,793,411	(983,381)	2,186,830
Fund balances (deficit), end of year	$ 525,230	$ 4,303,003	$ (1,654,845)	$ 3,173,388

Iowa City Community School District

Schedule of Combining Balance Sheet
Capital Projects Fund - By Account
June 30, 2025

	Capital Projects Accounts				
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other	Intrafund Eliminations	Total
Assets					
Cash, cash equivalents, and investments	$ -	$ 140,633	$ -	$ -	$ 140,633
Receivables:					
Property tax:					
Current year	-	63,636	-	-	63,636
Succeeding year	-	13,472,350	-	-	13,472,350
Due from other governments	1,994,425	-	-	-	1,994,425
Due from other funds	-	20,772,849	-	(20,772,849)	-
Prepaid items	-	21,799	-	-	21,799
Total assets	$ 1,994,425	$ 34,471,267	$ -	$ (20,772,849)	$ 15,692,843
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	$ 6,306,886	$ 1,556,203	$ 392,281	$ -	$ 8,255,370
Accrued liabilities	32,729	-	-	-	32,729
Due to other funds	29,144,577	-	2,467,377	(20,772,849)	10,839,105
Total liabilities	35,484,192	1,556,203	2,859,658	(20,772,849)	19,127,204
Deferred Inflows of Resources:					
Unavailable revenue:					
Succeeding year property tax	-	13,472,350	-	-	13,472,350
Total deferred inflows of resources	-	13,472,350	-	-	13,472,350
Fund Balances (Deficit):					
Nonspendable, prepaid items	-	21,799	-	-	21,799
Restricted for:					
Physical plant and equipment	-	19,420,915	-	-	19,420,915
Unassigned	(33,489,767)		(2,859,658)	-	(36,349,425)
Total fund balances (deficit)	(33,489,767)	19,442,714	(2,859,658)	-	(16,906,711)
Total liabilities, deferred inflows of resources and fund balances (deficit)	$ 1,994,425	$ 34,471,267	$ -	$ (20,772,849)	$ 15,692,843

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, 2025

	Capital Projects Accounts			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other	Total
Revenues:				
Local sources:				
Property tax	$ -	$ 12,935,035	$ -	$ 12,935,035
Utility excise tax	-	138,689	-	138,689
Other tax	-	20,634	-	20,634
Interest income	1,192,055	59,204	-	1,251,259
State sources	19,018,587	133,688	-	19,152,275
Total revenues	20,210,642	13,287,250	-	33,497,892
Expenditures:				
Current:				
Support:				
Operation and maintenance	-	203,941	-	203,941
Noninstructional	932,173	-	-	932,173
Capital outlay:				
Facilities acquisition	54,737,416	7,171,519	3,711,940	65,620,875
Total expenditures	55,669,589	7,375,460	3,711,940	66,756,989
Excess (deficiency) of revenues over (under) expenditures	(35,458,947)	5,911,790	(3,711,940)	(33,259,097)
Other financing sources (uses):				
Proceeds from sale of capital asset	-	161,346	-	161,346
Issuance of equipment note	1,847,625	-	-	1,847,625
Transfers out	(14,606,378)	-	-	(14,606,378)
Total other financing sources (uses)	(12,758,753)	161,346	-	(12,597,407)
Net change in fund balance	(48,217,700)	6,073,136	(3,711,940)	(45,856,504)
Fund balance, beginning of year	14,727,933	13,369,578	852,282	28,949,793
Fund balance (deficit), end of year	$ (33,489,767)	$ 19,442,714	$ (2,859,658)	$ (16,906,711)

Iowa City Community School District

Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Private Purpose Trust Funds		
	Winbigler Estate Trust Fund	School Children's Aid	Opportunity Fund
Assets			
Cash and pooled investments	$ 71,576	$ 12,893	$ 3,570
Total assets	71,576	12,893	3,570
Liabilities			
Other payables	-	-	-
Total liabilities	-	-	-
Net Position			
Assets held in trust	$ 71,576	$ 12,893	$ 3,570

School Based Health Clinics	Total
$ 35,605	$ 123,644
35,605	123,644
5,390	5,390
5,390	5,390
$ 30,215	$ 118,254

Iowa City Community School District

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2025

	Private Purpose Trust Funds		
	Winbigler Estate Trust Fund	School Children's Aid	Opportunity Fund
Additions			
Local sources:			
Interest income	$ -	$ -	$ 53
Fundraising and donations	-	10,259	-
Total additions	-	10,259	53
Deductions			
Administrative expenses	-	9,588	-
Total deductions	-	9,588	-
Change in net position	-	671	53
Net position, beginning of year	71,576	12,222	3,517
Net position, end of year	$ 71,576	$ 12,893	$ 3,570

School Based Health Clinics	Total
$ 454	$ 507
287,166	297,425
287,620	297,932
310,042	319,630
310,042	319,630
(22,422)	(21,698)
52,637	139,952
$ 30,215	$ 118,254

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Iowa City Community School District

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

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	FY25 4552	$ -	$ 1,141,587	
National School Lunch Program	10.555	FY25 4553	-	4,081,762	
Commodities -DOD (Noncash)	10.555	FY25	-	139,696	
Commodities (Noncash)	10.555	FY25	-	497,634	
			-	4,719,092	
Summer Food Service Program for Children	10.559	FY25 4556	-	49,422	
Fresh Fruit and Vegetable Program	10.582	FY25 4557	-	187,401	
Total Child Nutrition Cluster Program, Total U.S. Department of Agriculture			-	6,097,502	
U.S. Department of Homeland Security and Emergency Management:					
Coronavrius State and Local Fiscal Recovery Funds	21.027	SLFRF-2022	-	875,020	
Pass-Through Iowa Department of Education:					
Coronavrius State and Local Fiscal Recovery Funds	21.027	FY25 4073	-	10,543	
Total U.S. Department of Homeland Security and Emergency Management			-	885,563	
U.S. Department of Education:					
Pass-Through Iowa Department of Education:					
Title I Grants to Local Educational Agencies	84.010	FY25 4501	-	2,527,472	
Title I Grants to Local Educational Agencies	84.010	FY25 4508	-	99,786	
			-	2,627,258	
Title IC- Migrant Education State Grant Program	84.011	FY25 4503	-	15,584	
Special Education Cluster:					
Special Education - Grants to States IDEA Part B	84.027	FY25 4525	-	42,304	
Special Education-Preschool Grants	84.173	FY25 4522	-	21,154	
Total Special Education Cluster			-	63,458	(1)
Career and Technical Education - Basic Grants to States	84.048	FY25 4531	-	163,581	
Education for Homeless Children & Youth	84.196	FY25 4565	-	25,000	
Title III- English Language Acquisition State Grants	84.365	FY25 4644	-	215,241	(2)
Supporting Effective Instruction State Grants- Federal Teacher Quality Program	84.367	FY25 4643	-	406,249	
Student Support and Academic Enrichment	84.424	FY25 4669	-	161,403	

(Continued)

Iowa City Community School District

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2025

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	FY25 4053	$ -	$ 294,121	
COVID-19 Education Stabilization Fund Rethink K-12 Education Models Discretionary Grants	84.425B	FY25 4026	-	111,597	
			-	405,718	
COVID-19 ARP-Elementary and Secondary School Emergency Relief (ARP-ESSER) Fund	84.425U	FY25 4074	-	43,680	
COVID-19 ARP-Elementary and Secondary School Emergency Relief (ARP-ESSER) Fund	84.425U	FY25 4076	-	58,009	
			-	101,689	
COVID-19 ARP- Homeless Children and Youth (ARP-HCY)	84.425W	FY25 4044	-	23,772	
Total Education Stabilization Fund			-	531,179	
Pass-Through Grantwood Area Education Agency:					
Special Education Cluster,					
Special Education - Grants to States					
IDEA, Part B	84.027	FY25 4521	-	698,871	(1)
Title III- English Language Acquisition State Grants	84.365	FY25 4644	-	8,639	(2)
Pass-Through Iowa Vocational Rehabilitation:					
Rehabilitation Services- Vocational Rehab Grants to States, IDEA, Part B	84.126	FY25 4598	-	181,818	
Total U.S. Department of Education			-	5,098,281	
Total Expenditures of Federal Awards			$ -	$ 12,081,346	

(1) Total Special Education Cluster, $762,329.

(2) Total Title III-English Language Acquisition State Grants ALN 84.365 $223,800.

See notes to schedule of expenditures of federal awards.

Iowa City Community School District

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

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, 2025. 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, 2025

Findings		Status	Reason for Recurrence and Corrective Action Plan or Other Explanation
Findings Related to Financial Statements			
Material Weaknesses:			
2024-001	The District has insufficient segregation of duties over the payroll transaction cycle.	Not corrected.	The District has had turnover in the Business Office. See response and corrective action at 2025-001.
2024-002	The District has insufficient segregation of duties over the cash disbursement function.	Not corrected.	The District has had turnover in the Business Office. See response and corrective action at 2025-002.
2024-003	The District has insufficient segregation of duties over the receipt process at school buildings.	Not corrected.	The District has had turnover in the Business Office. See response and corrective action at 2025-003.
2024-004	The District has insufficient reconciling and monitoring activities over cash accounts and certificates of deposit.	Not corrected.	The District has had turnover in the Business Office. See response and corrective action at 2025-004.
2024-005	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.	Not corrected.	The District has had turnover in the Business Office. See response and corrective action at 2025-005.
Instances of Noncompliance:			
2024-006	The District did not complete the June 30, 2023, and June 30, 2024, single audit within 9 months of the applicable June 30 year-end.	Not corrected.	The District had staff in the Business Office that did not understand the process. See response and corrective action at 2025-006.
2024-007	The Student Activity Fund has a deficit fund balance.	Not corrected.	The District has had turnover in the Business Office. See response and corrective action at 2025-007.
2024-008	The District has interfund receivables and payables that were not authorized by a formal board resolution before the transaction occurred.	Not corrected.	The District had staff in the Business Office that did not know they had to have a board resolution. See response and corrective action plan at 2025-008.

(Continued)

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Iowa City Community School District

Summary Schedule of Prior Audit Findings (Continued)
Year Ended June 30, 2025

Findings		Status	Reason for Recurrence and Corrective Action Plan or Other Explanation
Federal Award Findings and Questioned Costs			
Material Weaknesses:			
2024-009	The District does not have an adequate process to ensure approval and documentation of disbursements charged to the federal program.	Not corrected.	Grant administrators have not been required to approve all transactions. See response and corrective action plan at 2025-011.
2024-010	The District does not have a process to identify federal capital assets or ensure program requirements for capital purchases were met.	Corrected.	
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.	Not corrected.	There has been turnover in program administration. See response and corrective action plan at 2025-013.
Significant Deficiency:			
2024-012	The District does not have a process for report preparation and review.	Not corrected.	There has been turnover in the Business Office. See response and corrective action plant at 2025-014.
Instances of Noncompliance:			
2024-013	The District charged costs to the ESF Program that are not allowable to the program.	Corrected.	
2024-014	The District was unable to provide expenditure information for the program.	Not corrected.	There has been turnover in program administration. See response and corrective action plan at 2025-016.

(Continued)

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Iowa City Community School District

Summary Schedule of Prior Audit Findings (Continued)
Year Ended June 30, 2025

Findings		Status	Reason for Recurrence and Corrective Action Plan or Other Explanation
Findings Related to Statutory Reporting			
IV-A-24	Expenditures for the year ended June 30, 2024 exceeded the certified budget in the support function prior to amendment in May 2024. Expenditures exceeded the amended certified budget for the other expenditures function.	Not corrected.	Year end adjustments exceeded budgeted amounts. See response and corrective action plan at IV-A-25.
IV-H-24	The District identified variances in certified enrollment submitted to the state in October 2023.	Not corrected.	Student data changes were not timely communicated to District. See response and corrective action plan at IV-H-25.
IV-I-24	The District identified variances in supplementary weighting submitted to the state in October 2023.	Not corrected.	Student data changes were not timely communicated to District. See response and corrective action plan at IV-H-25.
IV-J-24	The District has not approved a depository resolution.	Not corrected.	There has been turnover in program administration. See response and corrective action plan at IV-J-25.
IV-N-24	The District did not file a 509A certificate of compliance within 90 days following fiscal year end.	Not corrected.	There has been turnover in program administration. See response and corrective action plan at IV-N-25.

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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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 16, 2026.

Our report includes an emphasis of matter paragraph for the implementation of Governmental Accounting Standards Board Statement No. 101. Our opinions are not modified with respect to this matter.

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 2025-001 through 2025-005 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 2025-006 through 2025-010.

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, 2025 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
October 16, 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, 2025. 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 Special Education Cluster, 84.027 Special Education-Grants to States IDEA, Part B and 84.173 Special Education-Preschool Grants

In our opinion, except noncompliance and 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 Special Education Cluster, 84.027 Special Education-Grants to States IDEA, Part B and 84.173 Special Education-Preschool Grants, for the year ended June 30, 2025.

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 identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2025.

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 qualified and unmodified opinions 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 Special Education Cluster, 84.027 Special Education-Grants to States IDEA, Part B and 84.173 Special Education-Preschool Grants

As described in the accompanying Schedule of Findings and Questioned Costs, Iowa City Community School District did not comply with requirements regarding Special Education Cluster, 84.027 Special Education-Grants to States IDEA, Part B and 84.173 Special Education-Preschool Grants as described in 2025-017 for Allowable Activities. 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 with Special Education Cluster, 84.027 Special Education-Grants to States IDEA, Part B and 84.173 Special Education-Preschool Grants as described in 2025-016 for Allowable Activity, Allowable Costs, and Period of Performance, consequently we were unable to determine 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2025-011 through 2025-013 to be material weaknesses.

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 2025-014 and 2025-015 to be significant deficiencies.

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

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

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



East Moline, Illinois
October 16, 2026

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Iowa City Community School District

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

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 Program	Unmodified
Special Education Cluster Program	Qualified
Coronavirus State and Local Fiscal Recovery Funds	Unmodified
Title 1 Grants to Local Educational Agencies	Unmodified

● 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	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
84.173	Special Education-Preschool Grants
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.010	Title 1 Grants to Local Educational Agencies

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

2025-001

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: This deficiency is over the payroll transactions of the District.

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

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

- 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.

2025-002

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.

2025-003

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 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 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.

2025-004

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 2025 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.

(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 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 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.

2025-005

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. In addition, the District should request contractor statements for significant projects with a cutoff date of June 30th.

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:
2025-006

Finding: The District did not complete the June 30, 2023, 2024 and 2025, 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 year-ends is March 31 of the following year. The June 30, 2023, 2024 and 2025, data collection forms were not submitted and accepted by the federal government by March 31 of the respective year.

Cause: The June 30, 2023, 2024 and 2025 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.

2025-007

Finding: The Student Activity Fund has a deficit fund balance and the Capital Projects 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. The condition continued in 2025.

The Statewide Sales, Services and Use Tax account of the Capital Projects Fund had a deficit net change in fund balance of ($48,217,700) and the Other Capital account of the Capital Projects Fund had a deficit change in fund balance of ($3,711,940). The deficit spending in these accounts resulted in deficit fund balance in the Capital Projects Fund of ($16,906,711).

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 $671,464 in 2025. The Student Activity Fund owes other funds of the District $2,129,508.

The Capital Projects Fund in total overexpended revenues and other financing sources by $45,856,504 resulting in deficit fund balances.

Context: The Student Activity Fund fund balance deficit is $1,654,845 as of June 30, 2025. The Capital Projects Fund fund balance deficit is $16,906,711 as of June 30, 2025.

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

Recommendation: The District should continue to strictly monitor the financial transactions of the Student Activity Fund and Capital Projects 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.

2025-008

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.

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.

(Continued)

Condition: The District had interfund receivables and interfund payables recorded totaling $13,839,717 as of June 30, 2025.

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 $13,839,717 and interfund payables of $13,839,717 were reported as of June 30, 2025.

Identification as a repeat finding: This is 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 evaluate current balances and bring to the Board of Education a resolution plan for repayment. Before deficit cash positions are evident, the District will pass a formal resolution to authorize the interfund loans.

2025-009

Finding: The District did not comply with the sinking fund requirements of their Sales Tax Revenue Bonds Series 2016, 2017, 2017B, 2018, 2022A, and 2023.

Criteria: The ordinance authorizing the Sales Tax Revenue Bonds Series 2016, 2017, 2017B, 2018, 2022A, and 2023 (Bonds) requires the District as long as any of the bonds or parity bonds are outstanding, all of the receipts of the School Infrastructure Tax Revenues shall be deposited in the Statewide Sales, Services and Use Tax Fund and disbursed in the following priority:

- Sinking Fund: The required amount to be deposited in the Sinking fund in any month shall be the equal monthly amount necessary to pay in full the installment of interest coming due on the next interest payment date on the then outstanding Bonds and Parity Bonds plus the equal monthly amount necessary to pay in full the installment of principal coming due on such Bonds on the next succeeding principal payment date until the full amount of such installment is on hand.

Condition: The pledged revenues were insufficient to meet the coverage requirement stated above and the District is not in compliance with the covenant. However, this covenant violation did not result in a payment related default.

Cause: School Infrastructure Tax Revenues were spent on capital projects including the restricted Sinking Fund so that the District did not comply with the Sinking Fund requirements by $726,000.

Effect: The District was not in compliance with the sinking fund requirement at June 30, 2025.

Context: The ordinance authorizing the Sales Tax Revenue Bonds Series 2016, 2017, 2017B, 2018, 2022A, and 2023 contains provisions that requires pledged revenue for the Sinking Fund.

(Continued)

Recommendation: The District should continue to monitor the pledged revenues in accordance with the Bond ordinance.

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

Response and Corrective Action Plan: The District will evaluate current balances and propose a plan to Board of Education to satisfy Sinking Fund requirements.

2025-010

Finding: The District did not timely file IRS Form 941 Employer's Quarterly Federal Tax Return for the quarters ending 9/30/2023, 12/31/2023, 6/30/2024, and 6/30/2025 resulting in tax penalties to the District for failure to timely file and failure to properly deposit of $517,828.

Criteria: IRS Form 941 Employer's Quarterly Federal Tax Return reports employee wages, tips, compensation, federal income tax withheld, and the employer and employee shares of Social Security and Medicare taxes. The quarterly reports are due on the month end following the quarter end.

Condition: The IRS Form 941 for 9/30/2023, 12/31/2023, 6/30/2024, and 6/30/2025 were not filed by the month end following the quarter end. Notices sent to the District for the quarters ending 9/30/23, 12/31/2023, and 6/30/2024 were paid on 12/20/2024. The notice for the IRS Form 941 late filing penalty for period ending 6/30/2025 for failure to make a proper tax deposit was paid on 10/7/2025 and accrued for as of 6/30/2025.

Cause: The District did not have a proper system of internal controls in place to ensure that IRS Form 941 was properly filed and paid on a timely basis.

Effect: The District was not in compliance with timely filing requirements and making a timely proper tax deposit resulting in tax penalties of $517,828 required to be paid by the District.

Context: Tax penalties of $517,828 were required to be paid by the District for late or improper filings and tax deposits.

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

Recommendation: The District should implement a system of timely preparation and approval of IRS Form 941 Employer's Quarterly Federal Tax Return filings and deposits.

Response and Corrective Action Plan: The District will implement a system of timely preparation and approval of IRS Form 941 Employer's Quarterly Federal Tax Return filings and deposits.

(Continued)

Part III: Findings and Questioned Costs for Federal Awards

Internal control deficiencies:

Material Weaknesses:
2025-011

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)
10.559 Summer Food Service Program for Children
10.582 Fresh Fruit and Vegetable Program
Federal Award Year: 2025

U.S. Department of Education
Pass-Through Iowa Department of Education
Special Education Cluster,
84.027 Special Education-Grants to States IDEA, Part B
84.173 Special Education-Preschool Grants IDEA Preschool
Federal Award Year: 2025

Pass-Through Grant Wood Area Education Agency
Special Education Cluster,
84.027 Special Education-Grants to States IDEA, Part B
Federal Award Year: 2025

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

Criteria: The May 2025 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." 2 CFR 200.303 requires recipients receiving federal awards establish, document, and maintain effective internal control over the federal awards that provides reasonable assurance that the recipient is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

Condition: Program expenditures are not consistently approved. Invoices are not properly coded to record in proper accounts.

Cause: The District is not requiring invoices to be approved by the Program Director prior to payment. The District is not posting to proper object codes per the state chart of accounts. The District does not properly identify federal expenditures throughout the year as incurred.

(Continued)

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

Context: For the Child Nutrition Cluster Program, thirty-six instances from a sample of sixty randomly selected disbursements did not have documentation of invoice approval.

For the Special Education Cluster Program, twenty-two instances from a sample of twenty-four randomly selected did not have documentation for invoice approval.

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

Recommendation: We recommend the District implement a process to ensure all charges to the program have documented Program Director 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.

2025-012

U.S. Department of Education
Pass-Through Iowa Department of Education
Special Education Cluster,
84.027 Special Education-Grants to States IDEA, Part B
84.173 Special Education-Preschool Grants IDEA Preschool
Federal Award Year: 2025

Pass-Through Grant Wood Area Education Agency
Special Education Cluster,
84.027 Special Education-Grants to States IDEA, Part B
Federal Award Year: 2025

Pass-Through Iowa Department of Education
84.010A Title 1 Grants to Local Educational Agencies
Federal Award Year: 2025

Finding: The District does not have an adequate process to ensure employees working on a federal program are properly coded and charged to the federal program.

Criteria: The May 2025 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." 2 CFR 200.303 requires recipients receiving federal awards establish, document, and maintain effective internal control over the federal awards that provides reasonable assurance that the recipient is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

Condition: Procedures are not implemented to ensure communication and approvals occur regarding payroll codes for employees working in federal programs. There is currently no review by the Program Director on a routine basis of the employees charged to the program. In addition, when a new employee is hired for the program or when a code is changed affecting the program, the Payroll Department will use pre-existing employees who are in the same or similar positions as examples for setting up an employee pay code. Changes by the Payroll Department to employee codes are not approved by the Program Director.

(Continued)

Cause: The District does not have consistent procedures for communicating employees to code to federal programs and changes to employee coding which affects federal programs that includes the Program Director, Payroll Department and Business Office. Journal entries are used to ensure federal expenditures are recorded for federal awards at year-end rather than a routine process of Program Director's reviewing payroll costs periodically throughout the year. There is not a systematic communication and reporting process to ensure codes are proper.

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

Context: The Title 1 Grants to Local Educational Agencies program had three instances from a sample of twenty-five employees with coding changes that did not have documentation of the approval of the change nor purpose of the change. The Special Education Cluster program had two journal entries to salaries and benefits accounts at year-end without documentation of approval for the change by the Program Director.

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 Program Director 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 employee coding and approval of changes to federal programs for salaries, wages and benefits.

2025-013

U.S. Department of Education
Pass-Through Iowa Department of Education
Special Education Cluster,
84.027 Special Education-Grants to States IDEA, Part B
84.173 Special Education-Preschool Grants IDEA Preschool
Federal Award Year: 2025

Pass-Through Grant Wood Area Education Agency
Special Education Cluster,
84.027 Special Education-Grants to States IDEA, Part B
Federal Award Year: 2025

Finding: The District does not have a process to identify and 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. 2 CFR 200.303 requires recipients receiving federal awards establish, document, and maintain effective internal control over the federal awards that provides reasonable assurance that the recipient is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

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.

(Continued)

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

Context: The District expended $63,457 for high-cost claims which is 100% of the reimbursement from the state.

Identification as a repeat finding: This is 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 Deficiencies

2025-014

U.S. Department of Homeland Security and
Emergency Management
Pass-Through Iowa Department of Homeland Security
And Emergency Management
21.027 Coronavirus State and Local Fiscal Recovery Funds
Pass-Through Iowa Department of Education
21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award Year: 2025

U.S. Department of Education
Pass-Through Iowa Department of Education
Special Education Cluster,
84.027 Special Education-Grants to States IDEA, Part B
84.173 Special Education-Preschool Grants IDEA Preschool
Federal Award Year: 2025

Pass-Through Grant Wood Area Education Agency
Special Education Cluster,
84.027 Special Education-Grants to States IDEA, Part B
Federal Award Year: 2025

Pass-Through Iowa Department of Education
84.425B COVID-19 Education Stabilization Fund Rethink K-12 Education Models
Discretionary Grant
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: 2025

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. 2 CFR 200.303 requires recipients receiving federal awards establish, document, and maintain effective internal control over the federal awards that provides reasonable assurance that the recipient is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

(Continued)

Condition: Reports were prepared and submitted by the same employee and no independent review took place prior to submission as a control procedures to ensure reports are accurate and reconcile to the financial transactions of the District.

The Special Education-Grants to States program submitted reports to the Grant Wood Area Education Agency which do 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.

Context: The ESF program requires quarterly reimbursement submissions. The Special Education-Grants to States program requires semi-annual and annual reports. The Coronavirus State and Local Fiscal Recovery Funds program requires reimbursement requests as well as quarterly reporting.

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.

2025-015

U.S. Department of Homeland Security and Emergency Management
Pass-Through Iowa Department of Homeland Security And Emergency Management
21.027 Coronavirus State and Local Fiscal Recovery Funds

Pass-Through Iowa Department of Education
21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award Year: 2025

Finding: The District does not have an adequate process for procurement over the program.

Criteria: 2 CFR .320 requires procurements within the simplified acquisitions threshold are required to obtain quotations from an adequate number of qualified sources.

Condition: The District did not develop specifications and obtain quotes from an adequate number of qualified sources for a project above $10,000. The District submitted a "vendor explanation letter" to the Iowa Department of Homeland Security and Emergency Management but was unable to provide documentation the exception to the federal procurement regulations was approved by the state agency.

Cause: The District did not maintain documentation the exception to procurement standards had been approved and does not have a central repository for federal program documentation.

Effect: The District may not be in compliance with federal procurement standards and not obtain the most cost-effective project cost.

Context: The District did not obtain quotes from more than one vendor for one project of four.

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

(Continued)

Recommendation: We recommend the District maintain documentation for oversight agency approvals of any procurement requirement exceptions within a retrieval file system.

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

Instances of Noncompliance-Material

2025-016

U.S. Department of Education
Pass-Through Iowa Department of Education
Special Education Cluster,
84.027 Special Education-Grants to States IDEA, Part B
84.173 Special Education-Preschool Grants IDEA Preschool
Federal Award Year: 2025

Finding: The District was unable to provide expenditure information for the high-cost claims from the Iowa Department of Education portion of the program.

Criteria: The May 2025 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: $63,457, refer to Finding 2025-013.

Context: The District expended $63,457 for high-cost claims which is 100% of the reimbursement from the state.

Identification as a repeat finding: This is 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)

2025-017

U.S. Department of Education
Pass-Through Grant Wood Area Education Agency
Special Education Cluster,
84.027 Special Education-Grants to States IDEA, Part B
Federal Award Year: 2025

Finding: The District charged unallowable costs to the Special Education Cluster funding provided by the Grant Wood Area Education Agency portion of the program.

Criteria: The 2025 Office of Management and Budget Compliance Supplement states the following for the Special Education Cluster IDEA, Part B, "..provide grants to states and to LEAs (local educational agencies), to assist them in providing special education and related services to eligible children with disabilities ages 3 through 21."

Condition: The District charged transportation services and maintenance of busses used for transportation services provided to regular education students, not special education students, to the program.

Cause: The District has had significant turnover in the Business Office and in the Special Education Department. The District records program expenditures using journal entries at year-end without regard to the program objectives and without a formal review and approval process.

Effect: The federal program is funding costs for regular students and not special education students.

Questioned costs: $583,466.88

Context: The District received $698,871 from the Grant Wood Area Education Agency, of which $591,682, was reported for pupil transportation. The actual amount expended for pupil transportation was $584,781.92 of which $583,466.88 was for regular education.

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

Recommendation: We recommend the District record program expenditures to the proper expenditure accounts as incurred during the year. The Program Director should be reviewing a monitor report of program expenditures to ensure compliance.

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

Part IV: Other Findings Related to Statutory Reporting

IV-A-25
Certified Budget:
Finding 1: Expenditures for the year ended June 30, 2025 exceeded the certified budget in the support function prior to amendment in May 2025.

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

Conclusion: Response accepted.

(Continued)

Finding 2: Expenditures for the year ended June 30, 2025 exceeded the amended certified budget for the instruction, noninstructional programs and other expenditures functions.

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 and Corrective Action Plan: 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-25
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-25
Travel Expense –

Finding 1: The District did not have documentation of public purpose or approvals for credit card transactions relating to travel. The District did not have documented pre-approval for out of district travel.

Recommendation: We recommend the District create a process to document public purpose and credit card approvals for travel transactions.

Response and Corrective Action Plan: The District will review the procedures and create process to document public purpose and approvals.

Conclusion: Response accepted.

IV-D-25
Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-E-25
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-25
Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-G-25
Board Minutes –

Finding: The District had the following findings:

- The Board Minutes for the October 22, 2024 and April 22, 2025 meetings were not published in accordance with Chapter 279.35 and 279.36 of the Code of Iowa. The minutes are to be published or sent to the newspaper within two weeks of the meeting.

(Continued)

- The District does not publish a listing of claims including vendor and amount of the claim at least monthly as required by Chapter 279.35 of the Code of Iowa.
- Annually the District does not publish a listing of employee salaries as required by Chapter 279.35 of the Code of Iowa.

Recommendation: We recommend the District implement procedures to ensure Board minutes, schedule of bills, and annual salaries are properly published in accordance with the Code of Iowa.

Response and Corrective Action Plan: The District will implement procedures to ensure all Board minutes, schedule of bills, and salaries are properly published in compliance with the Code of Iowa.

Conclusion: Response accepted.

IV-H-25
Certified Enrollment-

Finding: The District identified variances in certified enrollment submitted to the state in October 2024.

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-25
Supplementary Weighting –

Finding: The District identified variances in supplementary weighting submitted to the state in October 2024.

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-25
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.

(Continued)

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.

IV-K-25
Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.

IV-L-25
Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

IV-M-25
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, 2025, the District reported the following information regarding the statewide sales and services tax revenue in the District's CAR including adjustments identified during the fiscal year 2025 audit:

Beginning balance		$	14,727,933
Revenue / transfers in:			
Statewide sales and services tax revenue	19,018,587		
Issuance of equipment note	1,847,625		
Interest income	1,192,055		22,058,267
Expenditures/transfers out:			
Noninstructional	932,173		
School infrastructure:			
Buildings and improvements	54,737,416		
Transfers out	14,606,378		70,275,967
Ending balance		$	(33,489,767)

For the year ended June 30, 2025, 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-25
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.

(Continued)

Recommendation: The District had a 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 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.

Conclusion: Response accepted.

IV-O-25
Flexibility Fund

Finding: The District had the following findings:

- The District did not publish a notice of public hearing on the resolution for General Fund expenditures from the flexibility fund as required by Chapter 24.9 of the Code of Iowa.
- The transfers into and the expenditures from the flexibility fund exceeded the amounts in the approved Resolution. The expenditures from the flexibility fund exceeded the transfer into the flexibility fund.
- The resolution states the expenditures will be used in fiscal year 2025. The expenditures were made in fiscal year 2024.

Recommendation: We recommend the District follow the requirements for establishing and using flexibility funds.

Response and Corrective Action Plan: The District will review the requirements and create process to ensure compliance with flexibility fund requirements.

Conclusion: Response accepted.

IV-P-25

Deficit Balances- Refer to material weakness finding 2025-007.

IV-Q-25

Revenue Bonds- Refer to material weakness finding 2025-009.

IOWA CITY COMMUNITY SCHOOL DISTRICT
All In for All Kids

Educational Services Center
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Iowa City Community School District

Corrective Action Plan
Year Ended June 30, 2025

Findings	Corrective Action Plan	Anticipated Date of Completion and Responsible Contact Person
Findings Related to Financial Statements		
Material Weaknesses:		
2025-001 The District has insufficient segregation of duties over the payroll transaction cycle.	See 2025-001	Chief Financial Officer Fiscal Year 2028
2025-002 The District has insufficient segregation of duties over the cash disbursement function.	See 2025-002	Chief Financial Officer Fiscal Year 2028
2025-003 The District has insufficient segregation of duties over the receipt process at the school buildings.	See 2025-003	Chief Financial Officer Fiscal Year 2028
2025-004 The District has insufficient reconciling and monitoring activities over cash accounts and certificates of deposit.	See 2025-004	Chief Financial Officer Fiscal Year 2027
2025-005 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 2025-005	Chief Financial Officer Fiscal Year 2027
Instance of Noncompliance:		
2025-006 The District did not complete the June 30, 2023, 2024 and 2025 single audit within 9 months of the applicable June 30 year-end.	See 2025-006	Chief Financial Officer Fiscal Year 2027
2025-007 The Student Activity Fund and Capital Projects Fund have a deficit fund balance.	See 2025-007	Chief Financial Officer Fiscal Year 2028
2025-008 The District has interfund receivables and payables that were not authorized by a formal board resolution before the transaction occurred.	See 2025-008	Chief Financial Officer Fiscal Year 2028
2025-009 The District did not comply with the sinking fund requirements of their Sales Tax Revenue Bonds Series 2016, 2017, 2017B, 2018, 2022A, and 2023.	See 2025-009	Chief Financial Officer Fiscal Year 2028
2025-010 The District did not timely file and make proper tax deposits for IRS Form 941.	See 2025-010	Chief Financial Officer Fiscal Year 2027

(Continued)

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Iowa City Community School District

Corrective Action Plan (Continued)
Year Ended June 30, 2025

Findings	Corrective Action Plan	Anticipated Date of Completion and Responsible Contact Person
Findings and Questioned Costs for Federal Awards		
Material Weaknesses:		
2025-011 The District does not have an adequate process to ensure approval and documentation of disbursements charged to the federal program.	See 2025-011	Chief Financial Officer Fiscal Year 2027
2025-012 The District does not have an adequate process to ensure employees working on a federal program are properly coded and charged to the federal program.	See 2025-012	Chief Financial Officer Fiscal Year 2027
2025-013 The District does not have a process to identify and document special education high cost claims submitted to the Iowa Department of Education for reimbursement.	See 2025-013	Chief Financial Officer Fiscal Year 2027
Significant Deficiencies:		
2025-014 The District does not have a process for report preparation and review.	See 2025-014	Chief Financial Officer Fiscal Year 2028
2025-015 The District does not have an adequate process for procurement over the program.	See 2025-015	Chief Financial Officer Fiscal Year 2027
Instances of Noncompliance- Material:		
2025-016 The District was unable to provide expenditure information for the high-cost claims from the Iowa Department of Education portion of the program.	See 2025-016	Chief Financial Officer Fiscal Year 2027
2025-017 The District charged unallowable costs to the Special Education Cluster funding provided by the Grant Wood Area Education Agency portion of the program.	See 2025-017	Chief Financial Officer Fiscal Year 2027

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Corrective Action Plan (Continued)
Year Ended June 30, 2025

	Findings	Corrective Action Plan	Anticipated Date of Completion and Responsible Contact Person
Findings Related to Statutory Reporting:			
IV-A-25	Finding 1: Expenditures exceeded the certified budget in the support function prior to amendment. Finding 2: Expenditures for the year ended June 30, 2025 exceeded the amended certified budget for the instruction, noninstructional programs and other expenditures functions.	See IV-A-25	Chief Financial Officer Fiscal Year 2027
IV-C-25	The District did not have documentation of public purpose or approvals for credit card transactions related to travel.	See IV-C-25	Chief Financial Officer Fiscal Year 2027
IV-G-25	Finding 1: The Board minutes for October 22, 2024 and April 22, 2025 meetings were not published in accordance with Chapter 279.35 and 279.36 of the Code of Iowa. Finding 2: The District does not publish a listing of claims including vendor and amount of the claim at least monthly as required by Chapter 279.35 of the Code of Iowa. Finding 3: Annually the District does not publish a listing of employee salaries as required by Chapter 279.35 of the Code of Iowa.	See IV-G-25	Chief Financial Officer Fiscal Year 2027
IV-H-25	The District identified variances in certified enrollment certified to the state in October 2024.	See IV-H-25	Chief Financial Officer Fiscal Year 2027
IV-I-25	The District identified variances in supplementary weighting certified to the state in October 2024.	See IV-I-25	Chief Financial Officer Fiscal Year 2027
IV-J-25	The District did not approve a depository resolution.	See IV-J-25	Chief Financial Officer Fiscal Year 2027
IV-N-25	The District did not file a 509A Certificate of Compliance within 90 days following fiscal year-end.	See IV-N-25	Chief Financial Officer Fiscal Year 2028
IV-O-25	Finding 1: The District did not publish a notice of public hearing on the resolution for General Fund expenditures from the flexibility fund as required by Chapter 24.9 of the Code of Iowa. Finding 2: The transfers into and the expenditures from the flexibility fund exceeded the amounts in the approved resolution.	See IV-O-25	Chief Financial Officer Fiscal Year 2027
IV-P-25	Deficit balances- refer to material weakness finding 2025-007.	See IV-P-25	Chief Financial Officer Fiscal Year 2028
IV-Q-25	Revenue Bonds- refer to material weakness finding 2025-009.	See IV-Q-25	Chief Financial Officer Fiscal Year 2028