

GILBERT COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

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Gilbert Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Andrew Ricklefs	President	2023
Jeff Mosiman	Vice President	2023
J. Tyler Holck	Board Member	2023
Josh Bennett	Board Member	2025
Alexander Janorschke	Board Member	2025
School Officials		
Dr. Christine Trujillo	Superintendent	2022
Gail Hopkins	Board Secretary/Treasurer and Business Manager	2022
Ahlers & Cooney, P.C.	Attorney	2022

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
115 North 3rd Avenue West, Newton, Iowa 50208-3218
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of Gilbert Community School District:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Gilbert Community School District, Gilbert, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Gilbert Community School District as of June 30, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. general accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Gilbert Community School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe 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, Gilbert Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. 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 these 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 Gilbert 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 generally accepted auditing standards 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Gilbert 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Gilbert 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 Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 16 and 46 through 51 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 Gilbert Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information, including the Schedule of Expenditures of Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 24, 2023 on our consideration of Gilbert 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 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 Gilbert Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

April 24, 2023
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Gilbert 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, 2022. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2022 FINANCIAL HIGHLIGHTS

- The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases, decreasing the governmental activities beginning net position by \$3,653.
- The District's total net position increased from \$22,908,485, restated at July 1, 2021, to \$26,923,213 at June 30, 2022. Total revenues increased 4.37% from \$25,487,408 in fiscal year 2021 to \$26,600,892 in fiscal year 2022, while total expenses decreased 6.40% from \$24,131,267 in fiscal year 2021 to \$22,586,164 in fiscal year 2022. An increase in revenues from charges for service was the primary reason for the increase in total revenues. The largest decrease in total expenses occurred in the instruction functional area.
- General Fund revenues increased from \$18,780,303 in fiscal year 2021 to \$18,847,548 in fiscal year 2022, while General Fund expenditures increased from \$18,572,882 in fiscal year 2021 to \$18,812,541 in fiscal year 2022. Accordingly, the District's General Fund balance increased from \$3,855,449 at June 30, 2021 to \$3,890,456 at June 30, 2022.
- The increase in total General Fund revenues was mainly due to an increase in tuition revenues compared to the prior year. The increase in total General Fund expenditures was due, in part, to increased student support services costs including salaries and benefits, as well as costs incurred for purchased services and supplies.

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 Gilbert Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental and business type activities were financed in the short term as well as what remains for future spending. Fund financial statements report Gilbert 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 Gilbert Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes.

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

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

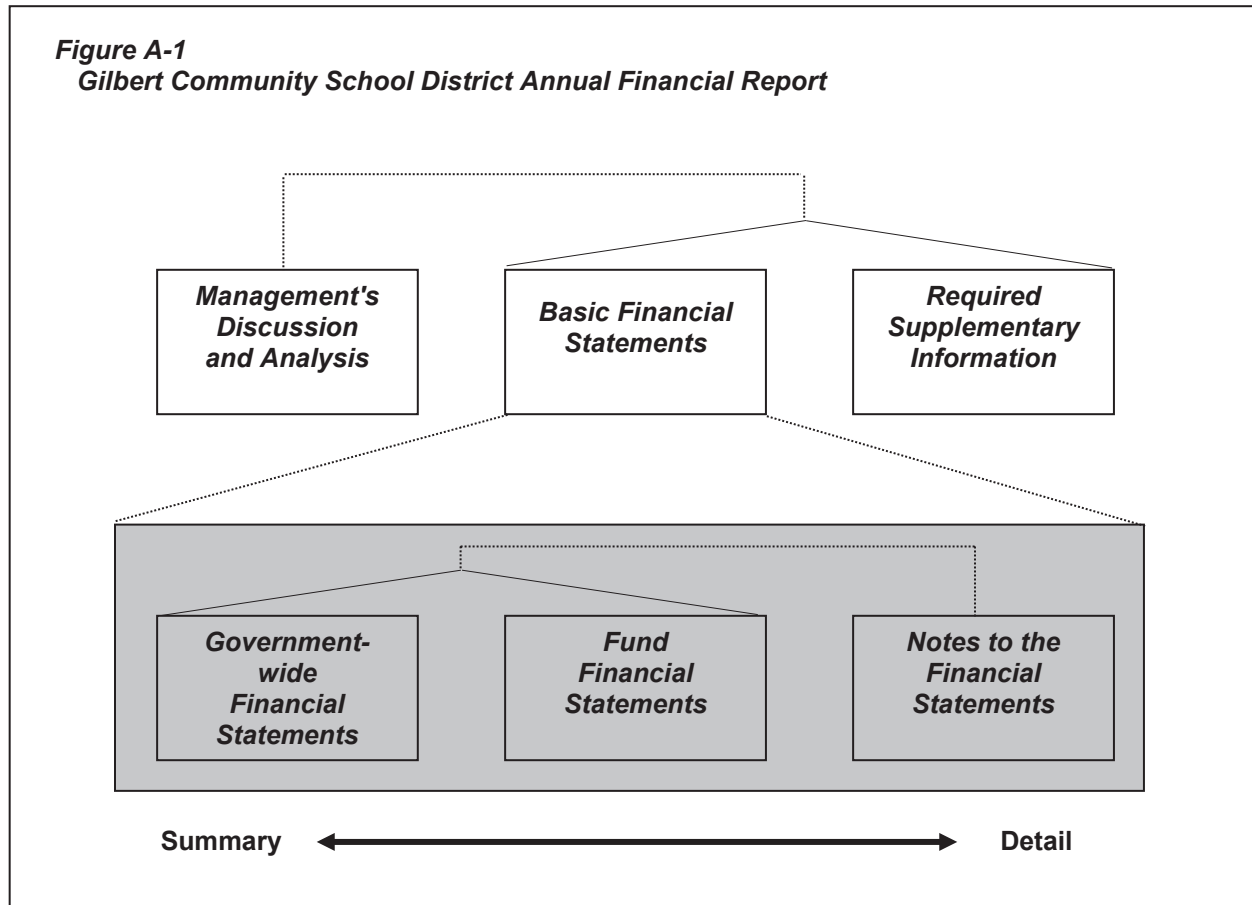


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Fund	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> · Statement of net position · Statement of activities 	<ul style="list-style-type: none"> · Balance sheet · Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> · Statement of net position · Statement of revenues, expenses and changes in fund net position · Statement of cash flows 	<ul style="list-style-type: none"> · Statement of fiduciary net position · Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period.
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2022 compared to June 30, 2021.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2022	Restated 2021	2022	Not restated 2021	2022	Restated 2021	2021-22
Current and other assets	\$ 25,691,809	24,098,031	437,313	131,437	26,129,122	24,229,468	7.84%
Capital assets	51,438,492	52,867,846	99,646	115,831	51,538,138	52,983,677	-2.73%
Total assets	77,130,301	76,965,877	536,959	247,268	77,667,260	77,213,145	0.59%
Deferred outflows of resources	1,793,252	2,672,967	40,178	59,229	1,833,430	2,732,196	-32.90%
Long-term liabilities	31,059,119	42,889,367	17,635	245,423	31,076,754	43,134,790	-27.95%
Other liabilities	2,861,817	2,449,295	78,078	100,121	2,939,895	2,549,416	15.32%
Total liabilities	33,920,936	45,338,662	95,713	345,544	34,016,649	45,684,206	-25.54%
Deferred inflows of resources	18,420,319	11,342,290	140,509	10,360	18,560,828	11,352,650	63.49%
Net position:							
Net investment in capital assets	21,196,100	19,888,009	99,646	115,831	21,295,746	20,003,840	6.46%
Restricted	7,534,174	6,486,053	-	-	7,534,174	6,486,053	16.16%
Unrestricted	(2,147,976)	(3,416,170)	241,269	(165,238)	(1,906,707)	(3,581,408)	46.76%
Total net position	\$ 26,582,298	22,957,892	340,915	(49,407)	26,923,213	22,908,485	17.53%

The District's total net position increased 17.53%, or \$4,014,728, from the prior year.

The largest portion of the District's net position is invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased 16.16%, or \$1,048,121, from the prior year. This increase in restricted net position is mainly attributable to the increase in the amount restricted for school infrastructure compared to the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased 46.76%, or \$1,674,701, from the prior year. This increase in unrestricted net position was primarily a result of the decrease in the District's net pension liability.

Figure A-4 shows the changes in net position for the year ended June 30, 2022 compared to the year ended June 30, 2021.

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2022	Not restated 2021	2022	Not restated 2021	2022	Not restated 2021	2021-22
Revenues:							
Program revenues:							
Charges for service	\$ 1,990,508	1,652,190	149,971	108,647	2,140,479	1,760,837	21.56%
Operating grants, contributions and restricted interest	1,692,713	1,796,458	971,214	559,803	2,663,927	2,356,261	13.06%
Capital grants, contributions and restricted interest	4,180	9,945	-	-	4,180	9,945	-57.97%
General revenues:							
Property tax	10,986,362	11,012,128	-	-	10,986,362	11,012,128	-0.23%
Statewide sales, services and use tax	1,849,210	1,545,653	-	-	1,849,210	1,545,653	19.64%
Unrestricted state grants	8,815,222	8,718,561	-	-	8,815,222	8,718,561	1.11%
Unrestricted investment earnings	51,596	42,649	729	499	52,325	43,148	21.27%
Other	81,624	39,269	7,563	1,606	89,187	40,875	118.19%
Total revenues	<u>25,471,415</u>	<u>24,816,853</u>	<u>1,129,477</u>	<u>670,555</u>	<u>26,600,892</u>	<u>25,487,408</u>	<u>4.37%</u>
Program expenses:							
Instruction	12,396,179	13,671,775	-	-	12,396,179	13,671,775	-9.33%
Support services	6,065,983	6,077,346	8,028	13,917	6,074,011	6,091,263	-0.28%
Non-instructional programs	-	-	756,407	683,493	756,407	683,493	10.67%
Other expenses	3,359,567	3,684,736	-	-	3,359,567	3,684,736	-8.82%
Total expenses	<u>21,821,729</u>	<u>23,433,857</u>	<u>764,435</u>	<u>697,410</u>	<u>22,586,164</u>	<u>24,131,267</u>	<u>-6.40%</u>
Excess (Deficiency) of revenues over (under) expenses	3,649,686	1,382,996	365,042	(26,855)	4,014,728	1,356,141	196.04%
Transfers	(25,280)	-	25,280	-	-	-	0.00%
Change in net position	3,624,406	1,382,996	390,322	(26,855)	4,014,728	1,356,141	196.04%
Net position beginning of year, as restated	<u>22,957,892</u>	<u>21,578,549</u>	<u>(49,407)</u>	<u>(22,552)</u>	<u>22,908,485</u>	<u>21,555,997</u>	<u>6.27%</u>
Net position end of year	<u>\$ 26,582,298</u>	<u>22,961,545</u>	<u>340,915</u>	<u>(49,407)</u>	<u>26,923,213</u>	<u>22,912,138</u>	<u>17.51%</u>

In fiscal year 2022, property tax and unrestricted state grants accounted for 77.74% of governmental activities revenues, while charges for service and operating grants, contributions and restricted interest accounted for 99.27% of the business type activities revenues.

The District's total revenues were approximately \$26.60 million, of which approximately \$25.47 was for governmental activities and approximately \$1.13 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.37% increase in revenues and a 6.40% decrease in expenses. The increase in revenues was mainly attributable to an increase in revenues from charges for service compared to the prior year, while the decrease in expenses primarily occurred in the instruction functional area.

Governmental Activities

Revenues for governmental activities were \$25,471,415 and expenses were \$21,821,729 for the year ended June 30, 2022.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses for the year ended June 30, 2022 compared to those expenses for the year ended June 30, 2021.

Figure A-5						
Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2022	2021	Change 2021-22	2022	2021	Change 2021-22
Instruction	\$ 12,396,179	13,671,775	-9.33%	9,564,288	11,215,795	-14.72%
Support services	6,065,983	6,077,346	-0.19%	5,922,081	5,773,954	2.57%
Other expenses	3,359,567	3,684,736	-8.82%	2,647,959	2,985,515	-11.31%
Total	<u>\$ 21,821,729</u>	<u>23,433,857</u>	<u>-6.88%</u>	<u>18,134,328</u>	<u>19,975,264</u>	<u>-9.22%</u>

For the year ended June 30, 2022:

- The cost financed by users of the District's programs was \$1,990,508.
- Federal and state governments along with contributions from local sources subsidized certain programs and projects with grants and contributions totaling \$1,696,893.
- The net cost of governmental activities was financed with \$10,986,362 in property tax, \$1,849,210 in statewide sales, services and use tax, \$8,815,222 in unrestricted state grants, \$51,596 in interest income and \$81,624 in other general revenues.

Business Type Activities

Revenues of the District's business type activities during the year ended June 30, 2022 were \$1,129,477 and expenses were \$764,435. 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, investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$12,117,139, above last year's ending fund balances of \$10,981,085. The primary reason for the increase in combined fund balances is the increase in the Capital Projects Fund balance compared to the prior year.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. General Fund revenues increased due primarily to an increase in revenues from tuition. However, General Fund expenditures also increased due in part to higher costs for salaries and benefits. In total, revenues outpaced expenditures causing the General Fund balance to increase from \$3,855,449 at June 30, 2021 to \$3,890,456 at June 30, 2022.
- The Capital Projects Fund balance increased from \$4,883,502 at June 30, 2021 to \$5,531,171 at June 30, 2022. Statewide sales, services and use tax revenues increased \$303,647 compared to the prior year, while capital outlay expenditures decreased \$767,095 over the same period contributing to this increase in fund balance.
- Debt Service Fund inflows and outflows increased significantly compared to the prior year. On April 1, 2022, the District issued \$7,985,000 of General Obligation Refunding Bonds. The bond proceeds were used to call existing Series 2011 bonds on June 1, 2022.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from deficit \$49,407 at June 30, 2021 to \$340,915 at June 30, 2022. This significant increase primarily resulted from an increase in revenues from federal sources which totaled \$965,671 in fiscal year 2022.

BUDGETARY HIGHLIGHTS

Over the course of the year, Gilbert Community School District amended its budget one time to reflect additional expenditures in all four functional areas.

The District's revenues were \$287,907 more than budgeted revenues, a variance of 1.09%. The most significant variance resulted from the District receiving more from federal sources than originally anticipated.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had invested \$51,538,138, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.73% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation/amortization expense for the year was \$2,059,908.

The original cost of the District's capital assets was \$72,734,868. Governmental funds accounted for \$72,147,720, with the remainder of \$587,148 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings, net of accumulated depreciation, totaled \$48,305,170 at June 30, 2022, compared to \$49,843,878 reported at June 30, 2021. The decrease was a result of annual depreciation expense applied during the year.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2022	Restated 2021	June 30, 2022	Not restated 2021	June 30, 2022	Restated 2021	June 30, 2021-22
Land	\$ 1,543,909	1,543,909	-	-	1,543,909	1,543,909	0.00%
Buildings	48,305,170	49,843,878	-	-	48,305,170	49,843,878	-3.09%
Land improvements	923,316	924,482	-	-	923,316	924,482	-0.13%
Machinery and equipment	621,281	469,393	99,646	115,831	720,927	585,224	23.19%
Right-to-use leased equipment	44,816	86,184	-	-	44,816	86,184	-48.00%
Total	\$ 51,438,492	52,867,846	99,646	115,831	51,538,138	52,983,677	-2.73%

Long-Term Debt

At June 30, 2022, the District had \$30,242,392 of total long-term debt outstanding. This represents a decrease of 8.30% from the prior year (See Figure A-7). Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District had outstanding general obligation bonded indebtedness of \$24,095,000 at June 30, 2022.

The District had outstanding revenue bonded indebtedness of \$6,100,000 at June 30, 2022, payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District.

The District had outstanding lease agreements payable of \$47,392 at June 30, 2022.

	Figure A-7 Outstanding Long-Term Obligations		
	Total District June 30,	Restated 2021	Total Change June 30,
	2022	2021	2021-22
General obligation bonds	\$ 24,095,000	26,095,000	-7.66%
Revenue bonds	6,100,000	6,795,000	-10.23%
Lease agreements	47,392	89,837	-47.25%
Total	<u>\$ 30,242,392</u>	<u>32,979,837</u>	<u>-8.30%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- October 1, 2021 enrollment increased 1.8% and 3.6% for Total School Age Students Provided Instructional Programs/Services by the Gilbert CSD. This enrollment seems to be the post-pandemic normal. The district will hire an enrollment forecasting service to reevaluate the enrollment trends for the next 5 - 10 years. There are several new housing developments planned for the Gilbert CSD. There has also been an increased interest from non-resident students in surrounding school districts to attend Gilbert CSD, especially with the Open Enrollment law change on July 1, 2022.
- The District started the process of a Long Range Facilities Master Plan to address the future growth of the Gilbert CSD. Part of this process was the hiring of Denovo Construction Solutions, November 15, 2021, to review current district facilities, prioritizing projects based on safety and other urgent issues. On April 4, 2022, the district hired CMBA Architects to assist the district with a new Long Range Facilities Master Plan.
- In FY22 the District received 2.5% supplemental state aid, an increase from 2.3% in FY21. Special Education funding continues to be insufficient to cover actual special education expenses. FY22 the district realized a (\$153,029) deficit passed onto taxpayers, this was a decrease compared to FY21 (\$450,782). The District anticipates the special education program to continue a deficit in FY23, due to the increase in special education needs, resulting in additional staff and tuitioning students to other districts or programs to meet their needs.
- For the start of the 2021-2022 school year, all students were back in session full-time, on-site five days per week. Only a few exceptions were made for students, with extenuating circumstances, to attend on-line virtual classes. Another indicator of post-pandemic.

-
- As of June 30, 2022, the district had received \$114,877 in federal funds for Coronavirus Relief (ESSER III - Learning Loss and Teacher Retention Bonus). Teacher Retention Bonus was 90.9% of the federal funds received, \$104,420.50. This was a decrease of \$220,828 received in FY2021.
 - The School Nutrition Fund continues to be solvent, with a healthy ending Cash Balance of \$394,888.47 closing FY2022. All salaries and benefits were reimbursed to the General Fund and all bills were paid. For the second year consecutive year, School Nutrition Fund was supported by federal funding providing free meals for all students.

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 Gail Hopkins, Board Secretary/Treasurer and Business Manager, Gilbert Community School District, 103 Mathews Drive, Gilbert, Iowa 50105.

BASIC FINANCIAL STATEMENTS

GILBERT COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 13,173,352	394,889	13,568,241
Receivables:			
Property tax:			
Delinquent	21,680	-	21,680
Succeeding year	11,174,793	-	11,174,793
Accounts	49,939	53	49,992
Due from other governments	499,544	2,010	501,554
Inventories	-	40,361	40,361
Prepaid expenses	772,501	-	772,501
Capital assets not being depreciated/amortized:			
Land	1,543,909	-	1,543,909
Capital assets, net of accumulated depreciation/amortization			
Buildings, land improvements, machinery and equipment			
and right-to-use leased equipment	49,894,583	99,646	49,994,229
Total assets	77,130,301	536,959	77,667,260
Deferred Outflows of Resources			
Pension related deferred outflows	1,759,388	39,424	1,798,812
OPEB related deferred outflows	33,864	754	34,618
Total deferred outflows of resources	1,793,252	40,178	1,833,430
Liabilities			
Accounts payable	558,132	-	558,132
Salaries and benefits payable	1,841,745	40,980	1,882,725
Accrued interest payable	164,349	-	164,349
Unamortized bond premiums/discounts	297,591	-	297,591
Unearned revenue	-	37,098	37,098
Long-term liabilities:			
Portion due within one year:			
Lease agreements	43,693	-	43,693
General obligation bonds	1,860,000	-	1,860,000
Revenue bonds	709,000	-	709,000
Portion due after one year:			
Lease agreements	3,699	-	3,699
General obligation bonds	22,235,000	-	22,235,000
Revenue bonds	5,391,000	-	5,391,000
Net pension liability	187,532	3,613	191,145
Total OPEB liability	629,195	14,022	643,217
Total liabilities	33,920,936	95,713	34,016,649
Deferred Inflows of Resources			
Unavailable property tax revenue	11,174,793	-	11,174,793
Pension related deferred inflows	6,937,856	133,652	7,071,508
OPEB related deferred inflows	307,670	6,857	314,527
Total deferred inflows of resources	18,420,319	140,509	18,560,828
Net Position			
Net investment in capital assets	21,196,100	99,646	21,295,746
Restricted for:			
Categorical funding	244,341	-	244,341
Debt service	86,988	-	86,988
Management levy purposes	1,475,892	-	1,475,892
Student activities	195,782	-	195,782
School infrastructure	4,313,666	-	4,313,666
Physical plant and equipment	1,217,505	-	1,217,505
Unrestricted	(2,147,976)	241,269	(1,906,707)
Total net position	\$ 26,582,298	340,915	26,923,213

SEE NOTES TO FINANCIAL STATEMENTS.

**GILBERT COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 8,582,232	1,195,389	229,324	-	(7,157,519)	-	(7,157,519)
Special	1,644,042	499,356	260,578	-	(884,108)	-	(884,108)
Other	2,169,905	295,763	351,481	-	(1,522,661)	-	(1,522,661)
	12,396,179	1,990,508	841,383	-	(9,564,288)	-	(9,564,288)
Support services:							
Student	591,238	-	4,800	-	(586,438)	-	(586,438)
Instructional staff	818,385	-	2,817	-	(815,568)	-	(815,568)
Administration	2,040,668	-	3,674	-	(2,036,994)	-	(2,036,994)
Operation and maintenance of plant	1,920,621	-	137	4,180	(1,916,304)	-	(1,916,304)
Transportation	695,071	-	128,294	-	(566,777)	-	(566,777)
	6,065,983	-	139,722	4,180	(5,922,081)	-	(5,922,081)
Long-term debt interest	854,780	-	-	-	(854,780)	-	(854,780)
Other expenditures:							
AEA flowthrough	711,608	-	711,608	-	-	-	-
Depreciation/amortization (unallocated)*	1,793,179	-	-	-	(1,793,179)	-	(1,793,179)
	2,504,787	-	711,608	-	(1,793,179)	-	(1,793,179)
Total governmental activities	21,821,729	1,990,508	1,692,713	4,180	(18,134,328)	-	(18,134,328)
Business type activities:							
Support services:							
Administration	173	-	-	-	-	(173)	(173)
Operation and maintenance of plant	7,855	-	-	-	-	(7,855)	(7,855)
	8,028	-	-	-	-	(8,028)	(8,028)
Non-instructional programs:							
Food service operations	756,407	149,971	971,214	-	-	364,778	364,778
Total business type activities	764,435	149,971	971,214	-	-	356,750	356,750
Total	\$ 22,586,164	2,140,479	2,663,927	4,180	(18,134,328)	356,750	(17,777,578)
General Revenues and Transfers:							
Property tax levied for:							
General purposes				\$ 7,331,308	-		7,331,308
Debt service				2,583,572	-		2,583,572
Capital outlay				1,071,482	-		1,071,482
Statewide sales, services and use tax				1,849,210	-		1,849,210
Unrestricted state grants				8,815,222	-		8,815,222
Unrestricted investment earnings				51,596	729		52,325
Other				81,624	7,563		89,187
Transfers				(25,280)	25,280		-
Total general revenues and transfers				21,758,734	33,572		21,792,306
Change in net position				3,624,406	390,322		4,014,728
Net position beginning of year, as restated				22,957,892	(49,407)		22,908,485
Net position end of year				\$ 26,582,298	340,915		26,923,213

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

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 5,560,192	5,686,540	244,211	1,682,409	13,173,352
Receivables:					
Property tax:					
Delinquent	13,103	2,112	5,076	1,389	21,680
Succeeding year	6,427,433	1,094,072	2,653,287	1,000,001	11,174,793
Accounts	27,239	8,055	2,050	12,595	49,939
Due from other governments	369,861	129,683	-	-	499,544
Prepaid expenses	-	-	772,501	-	772,501
Total assets	\$ 12,397,828	6,920,462	3,677,125	2,696,394	25,691,809
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 238,194	295,219	-	24,719	558,132
Salaries and benefits payable	1,841,745	-	-	-	1,841,745
Total liabilities	2,079,939	295,219	-	24,719	2,399,877
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	6,427,433	1,094,072	2,653,287	1,000,001	11,174,793
Fund balances:					
Nonspendable	-	-	772,501	-	772,501
Restricted for:					
Categorical funding	244,341	-	-	-	244,341
Debt service	-	-	251,337	-	251,337
Management levy purposes	-	-	-	1,475,892	1,475,892
Student activities	-	-	-	195,782	195,782
School infrastructure	-	4,313,666	-	-	4,313,666
Physical plant and equipment	-	1,217,505	-	-	1,217,505
Unassigned	3,646,115	-	-	-	3,646,115
Total fund balances	3,890,456	5,531,171	1,023,838	1,671,674	12,117,139
Total liabilities, deferred inflows of resources and fund balances	\$ 12,397,828	6,920,462	3,677,125	2,696,394	25,691,809

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2022

Total fund balances of governmental funds (page 20)	\$	12,117,139
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		51,438,492
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the government funds.		(164,349)
Net premiums/discounts associated with bond issuances are amortized over the life of the bonds in the government-wide financial statements.		(297,591)
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	\$ 1,793,252	
Deferred inflows of resources	<u>(7,245,526)</u>	(5,452,274)
Long-term liabilities, including lease agreements payable, general obligation bonds payable, revenue bonds payable, net pension liability and total OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(31,059,119)</u>
Net position of governmental activities (page 18)	\$	<u>26,582,298</u>

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 6,629,300	1,071,482	2,583,572	702,008	10,986,362
Tuition	1,558,329	-	-	-	1,558,329
Other	383,223	5,180	4,586	373,070	766,059
State sources	9,728,178	1,858,636	22,062	6,087	11,614,963
Federal sources	545,702	-	-	-	545,702
Total revenues	<u>18,844,732</u>	<u>2,935,298</u>	<u>2,610,220</u>	<u>1,081,165</u>	<u>25,471,415</u>
Expenditures:					
Current:					
Instruction:					
Regular	8,979,355	74,337	-	118,035	9,171,727
Special	1,922,026	-	-	-	1,922,026
Other	1,855,570	33,178	-	344,780	2,233,528
	<u>12,756,951</u>	<u>107,515</u>	<u>-</u>	<u>462,815</u>	<u>13,327,281</u>
Support services:					
Student	612,940	-	-	-	612,940
Instructional staff	462,480	352,576	-	-	815,056
Administration	1,943,700	83,020	72,583	22,141	2,121,444
Operation and maintenance of plant	1,746,244	96,978	-	145,882	1,989,104
Transportation	557,794	245,039	-	30,449	833,282
	<u>5,323,158</u>	<u>777,613</u>	<u>72,583</u>	<u>198,472</u>	<u>6,371,826</u>
Capital outlay	-	522,010	-	-	522,010
Long-term debt:					
Principal	-	-	10,722,445	-	10,722,445
Interest and fiscal charges	-	-	981,909	-	981,909
	<u>-</u>	<u>-</u>	<u>11,704,354</u>	<u>-</u>	<u>11,704,354</u>
Other expenditures:					
AEA flowthrough	711,608	-	-	-	711,608
Total expenditures	<u>18,791,717</u>	<u>1,407,138</u>	<u>11,776,937</u>	<u>661,287</u>	<u>32,637,079</u>
Excess (Deficiency) of revenues over (under) expenditures	53,015	1,528,160	(9,166,717)	419,878	(7,165,664)
Other financing sources (uses):					
Proceeds from the sale of equipment	1,061	-	-	-	1,061
General obligation bond proceeds	-	-	7,985,000	-	7,985,000
Premium on bond issuance	-	-	382,729	-	382,729
Discount on bond issuance	-	-	(52,072)	-	(52,072)
Transfer in	1,755	96,345	880,491	5,824	984,415
Transfer out	(20,824)	(976,836)	-	(1,755)	(999,415)
Total other financing sources (uses)	<u>(18,008)</u>	<u>(880,491)</u>	<u>9,196,148</u>	<u>4,069</u>	<u>8,301,718</u>
Change in fund balances	35,007	647,669	29,431	423,947	1,136,054
Fund balances beginning of year	3,855,449	4,883,502	994,407	1,247,727	10,981,085
Fund balances end of year	<u>\$ 3,890,456</u>	<u>5,531,171</u>	<u>1,023,838</u>	<u>1,671,674</u>	<u>12,117,139</u>

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT 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, 2022

Change in fund balances - total governmental funds (page 22) \$ 1,136,054

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation/amortization expense in the Statement of Activities. Capital outlay expenditures, depreciation/amortization expense and loss on disposal in the current year are as follows:

Capital outlay	\$ 609,417	
Depreciation/amortization expense	(2,032,643)	
Loss on disposal	(6,128)	(1,429,354)

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

Issued	(7,985,000)	
Repaid	10,722,445	2,737,445

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 127,129

The current year District IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 1,038,510

District costs associated with the total OPEB liability implicit subsidy after the measurement date but before year end. 19,224

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, as follows:

Pension expense	380,459	
Total OPEB liability and related expenses	(87,470)	292,989

Premiums/discounts on bond issuances are recorded in the governmental funds as they occur, but are amortized over the life of the bonds in the government-wide financial statements. (297,591)

Change in net position of governmental activities (page 19) \$ 3,624,406

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

		Enterprise - School Nutrition
Assets		
Current assets:		
Cash and pooled investments	\$	394,889
Accounts receivable		53
Due from other governments		2,010
Inventories		40,361
Total current assets		437,313
Noncurrent assets:		
Capital assets, net of accumulated depreciation		99,646
Total assets		536,959
 Deferred Outflows of Resources		
Pension related deferred outflows		39,424
OPEB related deferred outflows		754
Total deferred outflows of resources		40,178
 Liabilities		
Current liabilities:		
Salaries and benefits payable		40,980
Unearned revenue		37,098
Total current liabilities		78,078
Noncurrent liabilities:		
Net pension liability		3,613
Total OPEB liability		14,022
Total noncurrent liabilities		17,635
Total liabilities		95,713
 Deferred Inflows of Resources		
Pension related deferred inflows		133,652
OPEB related deferred inflows		6,857
Total deferred inflows of resources		140,509
 Net Position		
Net investment in capital assets		99,646
Unrestricted		241,269
Total net position	\$	340,915

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022

	Enterprise - School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 149,971
Miscellaneous	7,563
Total operating revenues	157,534
Operating expenses:	
Support Services:	
Administration:	
Services	173
Operation and maintenance of plant:	
Services	7,855
Total support services	8,028
Non-instructional programs:	
Food service operations:	
Salaries	284,830
Benefits	62,448
Services	148
Supplies	448,806
Pension*	(67,090)
Depreciation	27,265
	756,407
Total operating expenses	764,435
Operating loss	(606,901)
Non-operating revenues:	
State sources	5,543
Federal sources	965,671
Interest income	729
Total non-operating revenues	971,943
Change in net position before other financing sources	365,042
Other financing sources:	
Capital contributions	10,280
Transfer in	15,000
Total other financing sources	25,280
Change in net position	390,322
Net position beginning of year	(49,407)
Net position end of year	\$ 340,915

*Pension expense is negative due to the large decrease in Net Pension Liability for FY22 (see note 7).

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022

		Enterprise - School Nutrition
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$	157,471
Cash received from miscellaneous		7,563
Cash payments to employees for services		(359,048)
Cash payments to suppliers for goods or services		(412,033)
Net cash used in operating activities		(606,047)
Cash flows from non-capital financing activities:		
Transfer from General Fund		15,000
State grants received		4,411
Federal grants received		953,044
Net cash provided by non-capital financing activities		972,455
Cash flows from capital financing activities:		
Purchase of capital assets		(800)
Cash flows from investing activities:		
Interest on investments		729
Net increase in cash and pooled investments		366,337
Cash and pooled investments beginning of year		28,552
Cash and pooled investments end of year	\$	394,889
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$	(606,901)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Commodities consumed		79,186
Depreciation		27,265
Change in assets and liabilities:		
Inventories		(4,913)
Accounts receivable		(53)
Accounts payable		(29,324)
Salaries and benefits payable		(272)
Net pension liability		(212,274)
Deferred outflows of resources		19,051
Deferred inflows of resources		130,149
Unearned revenue		7,553
Total OPEB liability		(15,514)
Net cash used in operating activities	\$	(606,047)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2022, the District received \$79,186 of federal commodities.

During the year ended June 30, 2022, the District received \$10,280 in capital contributions from the Capital Projects: Physical Plant and Equipment Levy Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The District reports the following major governmental funds:

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

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

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

The District reports to following nonmajor proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position

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

Cash, Cash Equivalents, and Pooled 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.

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2021.

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.

Prepaid Expenses - Prepaid expenses represent principal and interest payments on the District's Series 2019 revenue bonds due July 1, 2022 which were remitted before year-end.

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

Capital Assets - Capital assets, which include property, machinery and equipment and intangibles acquired after July 1, 1980, 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 (except for intangible right-to-use lease assets, the measurement of which is discussed under "Leases" below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with the tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Land improvements	5,000
Intangibles	25,000
Right-to-use leased assets	5,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment and right-to-use leased assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Right-to-use leased assets	2-15 years
Machinery and equipment	5-12 years

Leases - Gilbert Community School District is the lessee for a noncancellable lease of equipment. The District has recognized a lease liability and an intangible right-to-use lease equipment (lease asset) in the government-wide financial statements. The District recognized leases with an initial, individual value of \$5,000 or more.

At the commencement of the 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 direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how Gilbert Community School District determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Gilbert Community School 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 a 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.

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the employer after the measurement date but before the end of the employer's reporting period.

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

Unamortized Bond Premiums/Discounts - Premiums and discounts associated with new bond issuances are amortized over the life of the bonds in the government-wide financial statements. Premiums and discounts are shown combined on the Statement of Net Position and are amortized using the straight-line method.

Unearned Revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Position in the Proprietary, School Nutrition Fund.

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

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. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows 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.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Deferred inflows of resources on the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unrecognized items not yet charged to pension and OPEB expense.

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

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be intact or are not expected to be converted to cash.

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 are imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2022, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) Direct Government Obligation Portfolio which are valued at an amortized cost of \$2,063,406. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

(3) **Capital Assets**

Capital assets activity for the year ended June 30, 2022 was as follows:

	Restated, Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 1,543,909	-	-	1,543,909
Capital assets being depreciated/amortized:				
Buildings	63,309,617	178,748	-	63,488,365
Land improvements	2,096,182	74,557	-	2,170,739
Intangible assets	32,263	-	-	32,263
Machinery and equipment	4,841,790	356,112	492,299	4,705,603
Right-to-use leased equipment	206,841	-	-	206,841
Total capital assets being depreciated/amortized	70,486,693	609,417	492,299	70,603,811

	Restated, Balance Beginning of Year	Increases	Decreases	Balance End of Year
Less accumulated depreciation/amortization for:				
Buildings	13,465,739	1,717,456	-	15,183,195
Land improvements	1,171,700	75,723	-	1,247,423
Intangible assets	32,263	-	-	32,263
Machinery and equipment	4,372,397	198,096	486,171	4,084,322
Right-to-use leased equipment	120,657	41,368	-	162,025
Total accumulated depreciation/amortization	<u>19,162,756</u>	<u>2,032,643</u>	<u>486,171</u>	<u>20,709,228</u>
Total capital assets being depreciated/amortized, net	<u>51,323,937</u>	<u>(1,423,226)</u>	<u>6,128</u>	<u>49,894,583</u>
Governmental activities capital assets, net	<u>\$ 52,867,846</u>	<u>-</u>	<u>6,128</u>	<u>51,438,492</u>
Business type activities:				
Machinery and equipment	\$ 576,068	11,080	-	587,148
Less accumulated depreciation	460,237	27,265	-	487,502
Business type activities capital assets, net	<u>\$ 115,831</u>	<u>(16,185)</u>	<u>-</u>	<u>99,646</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:		
Instruction:		
Regular		\$ 11,117
Other		6,077
Support services:		
Instructional staff		15,978
Administration		61,317
Operation and maintenance of plant		28,301
Transportation		116,674
		<u>239,464</u>
Unallocated depreciation		<u>1,793,179</u>
Total governmental activities depreciation/amortization expense		<u>\$ 2,032,643</u>
Business type activities:		
Food service operations		<u>\$ 27,265</u>

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2022 is as follows:

Transfer to	Transfer from	Amount
School Nutrition	General	\$ 15,000
Student Activity	General	5,824
General	Student Activity	1,755
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	836,002
Bond Construction	Capital Projects: Physical Plant and Equipment Levy	96,345
Debt Service	Capital Projects: Physical Plant and Equipment Levy	44,489
Total		<u>\$ 999,415</u>

The transfer from the General Fund to the School Nutrition Fund was for the payment of individual student meal debt.

The transfers between the General Fund and the Student Activity Fund were for the reimbursement of expenses incurred during the year.

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was for principal and interest payments on the District's Series 2019 revenue bonded indebtedness.

The transfer from Capital Projects: Physical Plant and Equipment Levy Fund to the Bond Construction Fund was for the reimbursement of expenses incurred during the year.

The transfer from the Capital Projects: Physical Plant and Equipment Levy Fund to the Debt Service Fund was for principal and interest payments on the District's copier lease.

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2022 are summarized as follows:

	Balance Beginning of Year, as restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 26,095,000	7,985,000	9,985,000	24,095,000	1,860,000
Revenue bonds	6,795,000	-	695,000	6,100,000	709,000
Lease agreements	89,837	-	42,445	47,392	43,693
Termination benefits	-	48,960	48,960	-	-
Net pension liability	9,129,864	-	8,942,332	187,532	-
Total OPEB liability	779,666	-	150,471	629,195	-
Total	<u>\$ 42,889,367</u>	<u>8,033,960</u>	<u>19,864,208</u>	<u>31,059,119</u>	<u>2,612,693</u>
Business type activities:					
Net pension liability	\$ 215,887	-	212,274	3,613	-
Total OPEB liability	29,536	-	15,514	14,022	-
Total	<u>\$ 245,423</u>	<u>-</u>	<u>227,788</u>	<u>17,635</u>	<u>-</u>

General Obligation Bonds

Details of the District's June 30, 2022 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bonds Issued July 24, 2018			Bonds Issued Jan 23, 2019		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2023	5.00	% \$ 735,000	343,057	5.00	% \$ 125,000	118,388
2024	5.00	600,000	306,307	5.00	195,000	112,137
2025		-	276,306	5.00	185,000	102,388
2026		-	276,306	3.00	195,000	93,137
2027		-	276,306	3.00	200,000	87,288
2028-2032		-	1,381,530	3.00	1,095,000	342,537
2033-2037	3.25-3.50	6,360,000	1,075,644	3.13-3.38	1,240,000	164,375
2038	3.50	1,245,000	61,425	3.38	250,000	8,438
Total		<u>\$ 8,940,000</u>	<u>3,996,881</u>		<u>\$ 3,485,000</u>	<u>1,028,688</u>

Year Ending June 30,	Bonds Issued Apr 28, 2021			Bonds Issued Apr 1, 2022		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2023	2.00 %	\$ 200,000	54,798	4.00 %	\$ 800,000	273,817
2024	2.00	200,000	50,797	4.00	130,000	202,700
2025	2.00	100,000	46,798	4.00	890,000	197,500
2026	2.00	100,000	44,797	4.00	945,000	161,900
2027	2.00	100,000	42,798	4.00	985,000	124,100
2028-2032	1.00-1.35	1,685,000	192,987	2.00	4,235,000	214,100
2033-2037	1.45	1,300,000	18,850		-	-
2038		-	-		-	-
Total		<u>\$ 3,685,000</u>	<u>451,825</u>		<u>\$ 7,985,000</u>	<u>1,174,117</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2023	1,860,000	790,059	2,650,059
2024	1,125,000	671,942	1,796,942
2025	1,175,000	622,991	1,797,991
2026	1,240,000	576,141	1,816,141
2027	1,285,000	530,491	1,815,491
2028-2032	7,015,000	2,131,155	9,146,155
2033-2037	8,900,000	1,258,869	10,158,869
2038	1,495,000	69,863	1,564,863
Total	<u>\$ 24,095,000</u>	<u>6,651,510</u>	<u>30,746,510</u>

Revenue Bonds

Details of the District's June 30, 2022, statewide sales, services and use tax revenue bond indebtedness are as follows:

Year Ending June 30,	Bonds Issued Dec 2, 2019			
	Interest Rate	Principal	Interest	Total
2023	2.08 %	\$ 709,000	119,621	828,621
2024	2.08	723,000	104,714	827,714
2025	2.08	738,000	89,505	827,505
2026	2.08	754,000	73,973	827,973
2027	2.08	770,000	58,109	828,109
2028-2030	2.08	2,406,000	75,847	2,481,847
Total		<u>\$ 6,100,000</u>	<u>521,769</u>	<u>6,621,769</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$7,540,000 of bonds issued in December 2019. The bonds were issued for the purpose of refunding the remaining outstanding revenue bonds issued February 1, 2012 and July 1, 2013. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limit of the District. Annual principal and interest payments on the bonds are expected to require approximately 45% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$6,621,769. For the current year, \$695,000 in principal and \$134,237 in interest was paid on the bonds and statewide sales, services and use tax revenues were \$1,849,210.

Lease Agreements

On July 9, 2018 the District entered into a sixty-month copier lease agreement with Access Systems for fifteen copiers. An initial lease liability was recorded in the amount of \$89,837 per Accounting Change/Restatement Note 14. The agreement requires sixty monthly payments of \$3,707 and has an implicit interest rate of 2.90%. Details of the District's June 30, 2022 lease agreement indebtedness are as follows:

<u>Copier Lease Agreement - July 9, 2018</u>					
Year					
Ending	Interest		Principal	Interest	Total
June 30,	Rate				
2023	2.90	% \$	43,693	797	44,490
2024	2.90		3,699	9	3,708
Total			<u>\$ 47,392</u>	<u>806</u>	<u>48,198</u>

Termination Benefits

In July 2021, the District approved a voluntary early retirement plan for employees. The plan was only offered to employees for one year with a maximum of five employees approved. Eligible employees must have completed at least twelve years of continuous service to the District and must have reached the age of fifty-five on or before June 30, 2022. The applications for early retirement were subject to approval by the Board of Education.

Early retirement benefits equal 48% of the employee's regular contracted salary from fiscal year 2022, exclusive of any extended contract, teacher salary supplement, teacher quality, over-time or other such salary or wages paid with a one-time disbursement to an employer sponsored 403(b) Special Pay Plan. Actual early retirement benefits for two approved fiscal year 2022 retirees totaled \$48,960 and were disbursed before year end.

(6) Bond Defeasement

During the fiscal years ended June 30, 2019 and June 30, 2020, the District approved additional debt service levies to advance refund \$165,000 and \$345,000, respectively, of the general obligation bonds issued July 24, 2018 when the bonds become callable on June 1, 2025. The amount collected from the additional levies totaled \$510,000, and has been placed in an irrevocable escrow account and has been invested in U.S. Government obligations which have been certified to be sufficient to pay \$510,000 in principal maturing June 1, 2038 of the general obligation bonds issued July 24, 2018. The anticipated interest costs savings provided by the combined surplus levies is \$232,050.

As a result, \$510,000 of the general obligation bonds issued July 24, 2018 are considered defeased in substance and the corresponding liability for those bonds has been removed from the appropriate financial statements and schedules.

The District remains contingently liable in the remote possibility the escrow account is insufficient to repay the refunding bonds at the call date. At June 30, 2022 \$510,000 of such bonds are outstanding.

(7) Pension Plan

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

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

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

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

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

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit 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 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 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2022 were \$1,064,047.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of \$191,145 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 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 IPERS relative to the contributions of

all IPERS participating employers. At June 30, 2021, the District's proportion was 0.055368%, which was a decrease of 0.077673% from its proportion measured as of June 30, 2020. For the year ended June 30, 2022, the District recognized pension expense of \$422,012. At June 30, 2022, 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	\$ 145,434	146,025
Changes of assumptions	125,025	-
Net difference between projected and actual earnings on IPERS' investments	-	6,925,483
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	464,306	-
District contributions subsequent to the measurement date	1,064,047	-
Total	\$ 1,798,812	7,071,508

\$1,064,047 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 ending June 30, 2023. 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,	Amount
2023	\$ (1,495,915)
2024	(1,570,514)
2025	(1,469,232)
2026	(1,824,049)
2027	22,967
Total	\$ (6,336,743)

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	(0.29)
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	100.0%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed 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, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 6,765,237	191,145	(5,318,362)

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

(8) Other Postemployment Benefits (OPEB)

Plan Description - The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits - Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>204</u>
Total	<u><u>207</u></u>

Total OPEB Liability - The District's total OPEB liability of \$643,217 at June 30, 2022 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	2.25% per annum.
Rates of salary increase	3.25% per year plus merit and promotion increases.
Discount rate	1.92% compounded annually, including inflation.
Healthcare cost trend rate	6.70% decreasing to an ultimate rate of 3.70%.

Discount Rate - The discount rate used to measure the total OPEB liability was 1.92% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 mortality tables with projected mortality improvements based on scale MP-2017. Annual retirement probabilities are based on School assumptions for Regular Members in the June 2018 IPERS Demographic Assumptions Study.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 809,202
Changes for the year:	
Service cost	90,988
Interest	21,800
Differences between expected and actual experiences	(87,694)
Changes in assumptions	(170,283)
Benefit payments	<u>(20,796)</u>
Net changes	<u>(165,985)</u>
Total OPEB liability end of year	<u><u>\$ 643,217</u></u>

Changes of assumptions reflect a change in the discount rate from 2.45% in fiscal year 2021 to 1.92% in fiscal year 2022.

Sensitivity of the District's 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 1% lower (0.92%) or 1% higher (2.92%) than the current discount rate.

	1% Decrease (0.92%)	Discount Rate (1.92%)	1% Increase (2.92%)
Total OPEB liability	\$ 691,268	643,217	597,526

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates -
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates 1% lower (5.70%) or 1% higher (7.70%) than the current healthcare cost trend rates.

	1% Decrease (5.70%)	Healthcare Cost Trend Rate (6.70%)	1% Increase (7.70%)
Total OPEB liability	\$ 567,657	643,217	733,466

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2022, the District recognized OPEB expense of \$76,400. At June 30, 2022, the District reported deferred outflows of resources and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	133,465
Changes in assumptions	14,966	181,062
Contributions between measurement date and reporting date	19,652	-
Total	\$ 34,618	314,527

\$19,652 reported as deferred outflows of resources related to OPEB resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	Amount
2023	\$ (36,388)
2024	(36,388)
2025	(36,388)
2026	(36,388)
2027	(35,740)
Thereafter	(118,269)
Total	\$ (299,561)

(9) Risk Management

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$711,608 for the year ended June 30, 2022 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Categorical Funding

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2022.

<u>Program</u>	<u>Amount</u>
Home School Assistance Program (HSAP)	\$ 141,825
Teacher Leadership State Aid	1,620
Beginning Teacher Mentoring and Induction	3,768
Teacher Salary Supplement	19,746
Successful Progression for Early Readers	1,450
Professional Development	75,932
Total	<u>\$ 244,341</u>

(12) 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 otherwise 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.

Tax Abatements of Other Entities

During fiscal year 2022, the District was not impacted by any tax abatements which meet the disclosure requirements of Governmental Accounting Standards Board Statement No. 77.

(13) Reconciliation of Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to net position is as follows:

	Net investment in Capital Assets	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	251,337	3,646,115
Capital assets, net of accumulated depreciation	51,438,492	-	-
General obligation bond capitalized indebtedness	(24,095,000)	-	-
Revenue bond capitalized indebtedness	(6,100,000)	-	-
Lease agreement capitalized indebtedness	(47,392)	-	-
Accrued interest payable	-	(164,349)	-
Unamortized bond premiums/discounts, net	-	-	(297,591)
Prepaid expenses	-	-	772,501
Pension related deferred outflows	-	-	1,759,388
Pension related deferred inflows	-	-	(6,937,856)
Net pension liability	-	-	(187,532)
Total OPEB liability	-	-	(629,195)
OPEB related deferred outflows	-	-	33,864
OPEB related deferred inflows	-	-	(307,670)
Net position (Exhibit A)	<u>\$ 21,196,100</u>	<u>86,988</u>	<u>(2,147,976)</u>

(14) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented as of the beginning of the year ended June 30, 2022. The requirements of this statement apply to financial statements of all state and local governments and establishes standards of accounting and financial reporting for leases by lessees and lessors. Beginning net position for governmental activities, was restated to retroactively recognize the beginning lease liability and the intangible right-to-use lease asset when the District is the lessee.

	Governmental Activities
Net Position June 30, 2021, as previously reported	\$ 22,961,545
Net capital asset restatement for GASBS No. 87	86,184
Net long term liabilities restatement for GASBS No. 87	(89,837)
Net Position July 1, 2021, as restated	<u>\$ 22,957,892</u>

Details of the restatement for capital assets and long-term liabilities are as follows:

	Capital Assets	Long Term Liabilities
Balances June 30, 2021, as previously reported	\$ 52,781,662	42,799,530
Changes to implement GASBS No. 87:		
Lease agreement	-	89,837
Right-to-use leased equipment	206,841	-
Accumulated depreciation/amortization, right-to-use leased equipment	(120,657)	-
Balances July 1, 2021, as restated	<u>\$ 52,867,846</u>	<u>42,889,367</u>

GILBERT COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

GILBERT COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2022

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 13,310,750	158,263	13,469,013	14,250,769	14,250,769	(781,756)
State sources	11,614,963	5,543	11,620,506	11,479,216	11,479,216	141,290
Federal sources	545,702	965,671	1,511,373	583,000	583,000	928,373
Total revenues	<u>25,471,415</u>	<u>1,129,477</u>	<u>26,600,892</u>	<u>26,312,985</u>	<u>26,312,985</u>	<u>287,907</u>
Expenditures/Expenses:						
Instruction	13,327,281	-	13,327,281	14,680,000	14,775,000	1,447,719
Support services	6,371,826	8,028	6,379,854	7,089,550	7,185,000	805,146
Non-instructional programs	-	823,497	823,497	814,825	910,000	86,503
Other expenditures	12,937,972	-	12,937,972	5,511,190	15,160,000	2,222,028
Total expenditures/expenses	<u>32,637,079</u>	<u>831,525</u>	<u>33,468,604</u>	<u>28,095,565</u>	<u>38,030,000</u>	<u>4,561,396</u>
Excess (Deficiency) of revenues over (under) expenditures/expenses	(7,165,664)	297,952	(6,867,712)	(1,782,580)	(11,717,015)	4,849,303
Other financing sources, net	<u>8,301,718</u>	<u>25,280</u>	<u>8,326,998</u>	-	-	<u>8,326,998</u>
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	1,136,054	323,232	1,459,286	(1,782,580)	(11,717,015)	13,176,301
Balances beginning of year	<u>10,981,085</u>	<u>(49,407)</u>	<u>10,931,678</u>	<u>6,904,212</u>	<u>6,904,212</u>	<u>4,027,466</u>
Balances end of year	<u>\$ 12,117,139</u>	<u>273,825</u>	<u>12,390,964</u>	<u>5,121,632</u>	<u>(4,812,803)</u>	<u>17,203,767</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2022

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 comparison for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Custodial Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional 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 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 \$9,934,435.

GILBERT COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 FOR THE LAST EIGHT FISCAL YEARS *
 REQUIRED SUPPLEMENTARY INFORMATION

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.055368%	0.133041%	0.130486%	0.125626%	0.123554%	0.104409%	0.130878%	0.130115%
District's proportionate share of the net pension liability	\$ 191,145	9,345,751	7,555,998	7,949,901	8,230,241	6,570,771	6,465,981	5,160,235
District's covered payroll	11,065,000	10,558,416	9,933,144	9,441,952	9,222,539	7,492,755	8,966,294	8,514,166
District's proportionate share of the net pension liability as a percentage of its covered payroll	1.73%	88.51%	76.07%	84.20%	89.24%	87.69%	72.11%	60.61%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 1,064,047	1,044,639	996,714	937,688	843,166	823,573	669,103	800,690	760,315	681,962
Contributions in relation to the statutorily required contribution	(1,064,047)	(1,044,639)	(996,714)	(937,688)	(843,166)	(823,573)	(669,103)	(800,690)	(760,315)	(681,962)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 11,271,685	11,065,000	10,558,416	9,933,144	9,441,952	9,222,539	7,492,755	8,966,294	8,514,166	7,865,767
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2022

Changes in benefit terms:

There are no significant changes in benefit terms.

Changes in assumptions:

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

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

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

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

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

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

GILBERT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
FOR THE LAST FIVE YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2022	2021	2020	2019	2018
Service cost	\$ 90,988	81,033	75,752	71,808	74,064
Interest cost	21,800	24,267	28,352	25,589	19,838
Differences between expected and actual experiences	(87,694)	-	(77,335)	-	-
Changes in assumptions	(170,283)	18,642	(12,928)	(3,411)	(33,682)
Benefit payments	(20,796)	(18,031)	(35,991)	(31,058)	(6,063)
Net change in total OPEB liability	(165,985)	105,911	(22,150)	62,928	54,157
Total OPEB liability beginning of year	809,202	703,291	725,441	662,513	608,356
Total OPEB liability end of year	<u>\$ 643,217</u>	<u>809,202</u>	<u>703,291</u>	<u>725,441</u>	<u>662,513</u>
Covered-employee payroll	\$ 9,989,562	9,446,960	9,232,541	9,473,030	8,934,281
Total OPEB liability as a percentage of covered-employee payroll	6.44%	8.57%	7.62%	7.66%	7.42%

Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2022	1.92%
Year ended June 30, 2021	2.45%
Year ended June 30, 2020	3.13%
Year ended June 30, 2019	3.62%
Year ended June 30, 2018	3.56%
Year ended June 30, 2017	2.92%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

GILBERT COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	Special Revenue		Total Nonmajor
	Management Levy	Student Activity	
Assets			
Cash and pooled investments	\$ 1,474,503	207,906	1,682,409
Receivables:			
Property tax:			
Delinquent	1,389	-	1,389
Succeeding year	1,000,001	-	1,000,001
Accounts	-	12,595	12,595
Total assets	\$ 2,475,893	220,501	2,696,394
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	24,719	24,719
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property taxes	1,000,001	-	1,000,001
Fund balances:			
Restricted for:			
Management levy purposes	1,475,892	-	1,475,892
Student activities	-	195,782	195,782
Total fund balances	1,475,892	195,782	1,671,674
Total liabilities, deferred inflows of resources and fund balances	\$ 2,475,893	220,501	2,696,394

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2022

	Special Revenue		Total Nonmajor
	Management Levy	Student Activity	
Revenues:			
Local sources:			
Local tax	\$ 702,008	-	702,008
Other	477	372,593	373,070
State sources	6,087	-	6,087
Total revenues	<u>708,572</u>	<u>372,593</u>	<u>1,081,165</u>
Expenditures:			
Current:			
Instruction:			
Regular	118,035	-	118,035
Other	-	344,780	344,780
Support services:			
Administration	22,141	-	22,141
Operation and maintenance of plant	145,882	-	145,882
Transportation	30,449	-	30,449
Total expenditures	<u>316,507</u>	<u>344,780</u>	<u>661,287</u>
Excess of revenues over expenditures	392,065	27,813	419,878
Other financing sources (uses):			
Transfer in	-	5,824	5,824
Transfer out	-	(1,755)	(1,755)
Total other financing sources (uses)	<u>-</u>	<u>4,069</u>	<u>4,069</u>
Change in fund balances	392,065	31,882	423,947
Fund balances beginning of year	<u>1,083,827</u>	<u>163,900</u>	<u>1,247,727</u>
Fund balances end of year	<u>\$ 1,475,892</u>	<u>195,782</u>	<u>1,671,674</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2022

Account	Balance Beginning of Year	Revenues	Expenditures	Interfund/ Intrafund Transfers	Balance End of Year
<u>Elementary</u>					
Elementary Health Club	\$ 4,158	659	-	-	4,817
<u>Intermediate School</u>					
Student Activity	-	2,617	2,531	-	86
<u>Middle School</u>					
MS Musical	4,231	2,535	1,448	-	5,318
MS Student Activity	2,266	646	925	-	1,987
MS Student Council	3,931	6,496	5,244	-	5,183
MS Yearbook	6,834	424	-	-	7,258
	<u>17,262</u>	<u>10,101</u>	<u>7,617</u>	<u>-</u>	<u>19,746</u>
<u>Classes</u>					
Class of 2022	1,885	7,932	9,529	-	288
Class of 2023	-	2,540	1,527	-	1,013
	<u>1,885</u>	<u>10,472</u>	<u>11,056</u>	<u>-</u>	<u>1,301</u>
<u>Music</u>					
5-8 Band Resale	-	4,006	4,006	-	-
9-12 Band	1,327	16,691	17,487	-	531
6-8 Vocal	715	100	795	-	20
9-12 Vocal	1,172	4,245	4,663	-	754
Band/Vocal Travel	405	-	-	-	405
	<u>3,619</u>	<u>25,042</u>	<u>26,951</u>	<u>-</u>	<u>1,710</u>
<u>Miscellaneous</u>					
Athletic Boosters	-	63,620	63,620	-	-
Backpack Buddies	2,377	30	50	-	2,357
GEF	-	9,088	9,088	-	-
General Activity	9,785	701	-	-	10,486
	<u>12,162</u>	<u>73,439</u>	<u>72,758</u>	<u>-</u>	<u>12,843</u>
<u>Athletic Support</u>					
Cheer-HS Basketball	2,721	1,398	3,254	135	1,000
Cheer-HS Football	16	17,623	16,908	-	731
Cheer-HS Wrestling	426	170	60	-	536
Cheer-HS Competition	-	3,910	1,149	-	2,761
Cheerleaders	523	-	-	(523)	-
FCA	2,500	1,110	1,159	-	2,451
	<u>6,186</u>	<u>24,211</u>	<u>22,530</u>	<u>(388)</u>	<u>7,479</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Account	Balance Beginning of Year	Revenues	Expenditures	Interfund/ Intrafund Transfers	Balance End of Year
<u>Athletics</u>					
Boys Golf	497	50	66	-	481
Boys Basketball	5,056	-	4,056	-	1,000
Boys Soccer	1,884	-	884	-	1,000
Cheer Camp	135	-	-	(135)	-
Cross Country	5,412	427	4,839	-	1,000
Football	829	7,868	7,763	2,191	3,125
Football Camp	2,191	-	-	(2,191)	-
General Athletics	28,617	128,091	100,824	4,592	60,476
Girls Basketball	2,431	1,633	3,064	-	1,000
Girls Soccer	1,884	2,083	2,917	-	1,050
Softball	223	403	39	-	587
Volleyball	7,841	2,039	7,923	-	1,957
Wrestling	1,226	-	1,093	867	1,000
Wrestling Camp	867	-	-	(867)	-
	<u>59,093</u>	<u>142,594</u>	<u>133,468</u>	<u>4,457</u>	<u>72,676</u>
<u>HS Clubs/Organizations</u>					
After Prom	-	2,210	2,210	-	-
Agriculture Education	-	4,862	3,455	-	1,407
Art Club	67	-	-	-	67
DECA	-	3,810	2,711	-	1,099
Dance	2,043	2,740	2,888	-	1,895
Drama	-	9,182	7,088	-	2,094
FCCLA	974	4,533	4,060	-	1,447
FFA	16,838	41,832	30,411	-	28,259
Fine Arts Boosters	-	408	408	-	-
HS Student Activity	1,788	224	293	-	1,719
HS Student Council	3,695	3,765	2,338	-	5,122
Industrial Education Projects	428	-	-	-	428
Key Club	1,047	2,347	1,806	-	1,588
Spanish Club	2,886	-	-	-	2,886
Thespian Society	209	-	129	-	80
Yearbook	29,560	7,545	10,072	-	27,033
	<u>59,535</u>	<u>83,458</u>	<u>67,869</u>	<u>-</u>	<u>75,124</u>
Total	<u>\$ 163,900</u>	<u>372,593</u>	<u>344,780</u>	<u>4,069</u>	<u>195,782</u>

GILBERT COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUND ACCOUNTS
 JUNE 30, 2022

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 4,346,733	1,339,807	5,686,540
Receivables:			
Property tax:			
Delinquent	-	2,112	2,112
Succeeding year	-	1,094,072	1,094,072
Accounts	-	8,055	8,055
Due from other governments	129,683	-	129,683
Total assets	\$ 4,476,416	2,444,046	6,920,462
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 162,750	132,469	295,219
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	1,094,072	1,094,072
Fund balances:			
Restricted for:			
School infrastructure	4,313,666	-	4,313,666
Physical plant and equipment	-	1,217,505	1,217,505
Total fund balances	4,313,666	1,217,505	5,531,171
Total liabilities, deferred inflows of resources and fund balances	\$ 4,476,416	2,444,046	6,920,462

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUND ACCOUNTS
 YEAR ENDED JUNE 30, 2022

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Bond Construction Fund	
Revenues:				
Local sources:				
Local tax	\$ -	1,071,482	-	1,071,482
Other	-	5,180	-	5,180
State sources	1,849,210	9,426	-	1,858,636
Total revenues	1,849,210	1,086,088	-	2,935,298
Expenditures:				
Current:				
Instruction:				
Regular	-	74,337	-	74,337
Other	-	33,178	-	33,178
Support services:				
Instructional staff	162,297	190,279	-	352,576
Administration	-	83,020	-	83,020
Operation and maintenance of plant	24,619	72,359	-	96,978
Transportation	227,385	17,654	-	245,039
Capital outlay	41,910	406,005	74,095	522,010
Total expenditures	456,211	876,832	74,095	1,407,138
Excess (deficiency) of revenues over (under) expenditures	1,392,999	209,256	(74,095)	1,528,160
Other financing sources (uses):				
Transfer in	-	-	96,345	96,345
Transfer out	(836,002)	(140,834)	-	(976,836)
Total other financing sources (uses)	(836,002)	(140,834)	96,345	(880,491)
Change in fund balances	556,997	68,422	22,250	647,669
Fund balances beginning of year	3,756,669	1,149,083	(22,250)	4,883,502
Fund balances end of year	\$ 4,313,666	1,217,505	-	5,531,171

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Local sources:										
Local tax	\$ 10,986,362	11,012,128	10,862,415	10,158,511	9,275,768	8,780,836	7,694,989	7,069,952	6,741,390	7,912,239
Tuition	1,558,329	1,339,665	1,473,673	1,315,019	1,433,206	1,477,959	1,364,329	1,325,907	1,334,353	1,256,164
Other	766,059	565,315	817,697	958,303	722,911	879,526	987,657	863,692	1,229,704	865,195
State sources	11,614,963	11,166,601	10,942,332	10,432,078	9,796,413	9,484,303	8,900,671	8,775,107	7,868,719	6,349,315
Federal sources	545,702	733,144	361,899	354,751	336,014	272,367	249,270	424,416	235,610	780,272
Total	\$ 25,471,415	24,816,853	24,458,016	23,218,662	21,564,312	20,894,991	19,196,916	18,459,074	17,409,776	17,163,185
Expenditures:										
Instruction:										
Regular	\$ 9,171,727	9,080,063	8,808,035	8,538,499	7,974,430	7,968,003	7,429,364	6,711,513	6,781,612	6,371,385
Special	1,922,026	1,985,345	2,156,279	1,828,836	1,758,745	1,566,734	1,588,213	1,225,019	1,387,866	1,297,830
Other	2,233,528	2,210,432	2,181,527	2,116,380	2,197,416	2,320,414	1,918,459	2,193,111	2,213,468	2,022,284
Support services:										
Student	612,940	455,659	451,919	308,272	263,433	328,156	382,889	443,744	431,759	326,177
Instructional staff	815,056	705,086	792,762	714,203	582,375	470,670	444,596	884,626	475,453	465,600
Administration	2,121,444	2,093,917	2,004,565	1,759,497	1,542,907	1,554,600	1,479,463	1,491,807	1,501,623	1,377,253
Operation and maintenance of plant	1,989,104	2,080,773	1,706,523	1,577,520	1,446,429	1,404,622	1,421,340	1,212,276	1,227,890	889,921
Transportation	833,282	668,478	663,005	651,237	637,012	623,796	551,703	639,385	668,288	701,188
Non-instructional programs	-	-	-	-	16,670	3,145	1,120	368	1,050	1,310
Capital outlay	522,010	1,289,105	7,973,734	5,961,202	863,035	218,125	235,173	754,601	10,205,067	16,526,076
Long-term debt:										
Principal	10,722,445	6,670,000	10,435,000	2,060,000	2,145,000	1,725,000	1,685,000	1,685,000	6,870,000	825,000
Interest	981,909	1,081,099	1,225,212	1,052,190	776,175	819,586	826,077	907,978	1,010,286	847,170
Other expenditures:										
AEA flowthrough	711,608	699,221	676,642	640,009	602,792	570,309	540,175	526,962	493,400	460,602
Total	\$ 32,637,079	29,019,178	39,075,203	27,207,845	20,806,419	19,573,160	18,503,572	18,676,390	33,267,762	32,111,796

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

**GILBERT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY22	119,035
National School Lunch Program	10.555	FY22	839,063 *
Special Milk Program for Children	10.556	FY22	1,257
Summer Food Service Program for Children	10.559	FY22	5,702
Total Child Nutrition Cluster:			<u>965,057</u>
Pandemic EBT Administrative Costs	10.649	FY22	614
Total U.S. Department of Agriculture			<u>965,671</u>
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY22	35,397
Special Education - Grants to States	84.027	FY22	68,855 **
Supporting Effective Instruction State Grants	84.367	FY22	12,651
Student Support and Academic Enrichment Program	84.424	FY22	10,000
Education Stabilization Fund:			
COVID-19, American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	FY22	114,877
Foster Care Title IV-E	93.658	FY22	386
Passed through Heartland Area Education Agency:			
Special Education - Grants to States	84.027	FY22	64,512
COVID-19, Special Education - Grants to States	84.027X	FY22	9,953
			<u>74,465 **</u>
Passed through Ames Community School District:			
Career and Technical Education - Basic Grants to States	84.048	FY22	11,609
Total U.S. Department of Education			<u>328,240</u>
Total			<u>\$ 1,293,911</u>

* - Includes \$79,186 of non-cash awards

** - Total for Special Education - Grants to States is \$143,320

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Gilbert Community School District under programs of the federal government for the year ended June 30, 2022. 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 Gilbert Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Gilbert Community School District.

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

Indirect Cost Rate - Gilbert Community School District did not elect to use a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
115 North 3rd Avenue West, Newton, Iowa 50208-3218
Telephone (641) 792-1910

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

To the Board of Education of Gilbert Community School District:

We have audited, in accordance with 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, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Gilbert Community School District as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 24, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gilbert Community School 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 Gilbert Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Gilbert Community School District's internal control.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct 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 a certain deficiency in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gilbert Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or 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, 2022 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.

Gilbert Community School District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedure on Gilbert Community School District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Gilbert 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.

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



NOLTE, CORNMAN & JOHNSON, P.C.

April 24, 2023
Newton, Iowa

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(a professional corporation)
115 North 3rd Avenue West, Newton, Iowa 50208-3218
Telephone (641) 792-1910

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 of Gilbert Community School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Gilbert Community School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of Gilbert Community School District's major federal programs for the year ended June 30, 2022. Gilbert Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Gilbert 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 major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, 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 Gilbert Community School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Gilbert Community School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Gilbert Community School 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 Gilbert Community School 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 judgement made by a reasonable user of the report on compliance about Gilbert Community School 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 judgement 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 Gilbert Community School District's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of Gilbert Community School 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 Gilbert Community School 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 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 a certain deficiency in internal control over compliance that we consider to be a material weakness.

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

over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002 to be a material weakness.

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 Gilbert Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Gilbert Community School District's response was not subjected to the 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.



NOLTE, CORNMAN & JOHNSON, P.C.

April 24, 2023
Newton, Iowa

GILBERT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with the Uniform Guidance, Section 200.516(a)
- (g) Major programs were as follows:
 - Child Nutrition Cluster
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Gilbert Community School District did not qualify as a low-risk auditee.

GILBERT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

2022-001 Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody, and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the District's financial statements.

Condition - One individual has control over one or more of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Inventories - ordering, receiving, issuing and storing.
- 3) Capital assets - purchasing, recording and reconciling.
- 4) Payroll - recordkeeping, preparation.
- 5) Computer systems - performing all general accounting functions and controlling all data input and output.
- 6) Journal entries - writing, posting and approving.

Cause - The District has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect the District's ability to prevent or detect and correct misstatements, errors, or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

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

Response and Corrective Action Planned - The District will continue to look at best practices for internal controls to be used for the District. The District will utilize all office employees when possible to achieve the highest level of segregation of duties as possible.

Conclusion – Response accepted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

Child Nutrition Cluster:

AL Number 10.553: School Breakfast Program

AL Number 10.555: National School Lunch Program

AL Number 10.556: Special Milk Program for Children

AL Number 10.559: Summer Food Service Program for Children

Pass-Through Entity Identifying Number: FY22

Federal Award Year: 2022

Prior Year Finding Number: 2021-001

U.S. Department of Agriculture

Passed through the Iowa Department of Education

2022-002 Segregation of Duties

One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted one individual has control over portions of one or more of the following areas for the District relating to federal programs; cash, inventories, capital assets, payroll, computer systems and journal entries. See finding 2022-001.

Part IV: Other Findings Related to Required Statutory Reporting:

2022-A Certified Budget - Expenditures for the year ended June 30, 2022 did not exceed the certified budgeted amounts.

2022-B Questionable Expenditures - We noted during our audit instances of the District paying sales tax on purchases made with District credit cards. The District is a tax-exempt entity, therefore, expenditures for sales tax would not appear to meet public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review their purchasing and reimbursing procedures currently in place and make the necessary adjustments to comply with the Attorney General's opinion dated April 25, 1979.

Response - The District understands sales tax is not an allowable expense and will continue to educate staff to ensure vendors do not charge sales tax to credit card purchases.

Conclusion – Response accepted.

2022-C Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

2022-D Business Transactions - The following business transactions between the District and District employees were noted.

Name, Title and Business Connection	Transaction Description	Amount
Debbie Gray, Secretary Owns Photos by Debbie	Services	\$ 810
Amy Griffin, Principal Father is an athletic official Spouse is an athletic official	Services	60 60
Josh Bennett, Board Member Teaches First Aid, CPR and AED Course	Services	500
Andrew Ricklefs, Board President Account Executive at Knapp-Tedesco Insurance Agency	Insurance	Indeterminable

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

In accordance with an Attorney General's opinion dated November 9, 1976, the above transactions with relatives of a District employee do not appear to represent a conflict of interest.

In accordance with the Chapter 279.7A of the Code of Iowa, the above transactions with board members do not appear to represent conflicts of interest.

2022-E 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.

2022-F Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

2022-G Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the District exceeded the approved maximum amount at two of the listed depositories during the year. Chapter 12C.2 of the Code of Iowa states in part: "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."

Recommendation - The District should review the procedures in place and make necessary adjustments to comply with Chapter 12C.2 of the Code of Iowa.

Response - The District will monitor and review maximum limits throughout the year to ensure maximum depository limits are not exceeded and will have board approval to increase the limits if necessary.

Conclusion – Response accepted.

2022-H Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

2022-I Supplementary Weighting - No variances regarding the supplementary weighting data certified to the Iowa Department of Education were noted.

2022-J Deposits and Investments - Except as noted in comment 2022-G, no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investments policy were noted.

2022-K Certified Annual Report - The Certified Annual Report certified timely with the Iowa Department of Education and we noted no significant deficiencies in amounts reported.

2022-L Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.

2022-M Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services, and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2022, the District reported the following information for the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 3,756,669
Revenues:		
Sales tax revenues		<u>\$ 1,849,210</u>
Expenditures/transfers out:		
School infrastructure construction	41,910	
Equipment	414,301	
Transfers to other funds:		
Debt service fund	<u>836,002</u>	<u>1,292,213</u>
Ending balance		<u><u>\$ 4,313,666</u></u>

For the year ended June 30, 2022, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

2022-N Inactive Student Activity Accounts - We noted during our audit instances of inactive accounts within the Student Activity Fund. The Band/Vocal Trip, Spanish Club and Art Club accounts appear to have been inactive for at least one year.

Recommendation - The District should review these accounts to determine their status. If the District determines these accounts are inactive, the remaining balances should be reallocated within the Student Activity Fund at the discretion of the Board of Education.

Response - The District reviewed these accounts and determined they are still active, but with COVID-19 restrictions the past couple of years, several activities were limited during the year.

Conclusion – Response accepted.