

GILBERT COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2023

## Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	4-6
Management's Discussion and Analysis	7-16
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	A      18
Statement of Activities	B      19
Governmental Fund Financial Statements:	
Balance Sheet	C      20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D      21
Statement of Revenues, Expenditures and Changes in Fund Balances	E      22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F      23
Proprietary Fund Financial Statements:	
Statement of Net Position	G      24
Statement of Revenues, Expenses and Changes in Fund Net Position	H      25
Statement of Cash Flows	I      26
Notes to Financial Statements	27-42
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund	44
Notes to Required Supplementary Information - Budgetary Reporting	45
Schedule of the District's Proportionate Share of the Net Pension Liability	46
Schedule of District Contributions	47
Notes to Required Supplementary Information - Pension Liability	48
Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes	49
Notes to Required Supplementary Information - OPEB Liability	50
Supplementary Information:	<u>Schedule</u>
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	1      52-53
Capital Projects Fund Accounts:	
Combining Balance Sheet	2      54
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	3      55
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	4      56
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 <u>Government Auditing Standards</u>	57-58
Schedule of Findings	59-62

**Gilbert Community School District**

**Officials**

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

**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, 2023, 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, 2023 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 (GAAS) 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.

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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional 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 44 through 50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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, 2022 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information in Schedules 1 through 4 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 June 19, 2024 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.

June 19, 2024  
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, 2023. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2023 FINANCIAL HIGHLIGHTS

- The District's total net position increased from \$26,923,213 at June 30, 2022 to \$30,172,664 at June 30, 2023. Total revenues increased 4.92% from \$26,600,892 in fiscal year 2022 to \$27,910,350 in fiscal year 2023, while total expenses increased 9.19% from \$22,586,164 in fiscal year 2022 to \$24,660,899 in fiscal year 2023. The primary reason for the increase in revenues was due to an increase in charges for service. The increase in total expenses occurred primarily in the instruction functional area.
- General Fund revenues increased from \$18,847,548 in fiscal year 2022 to \$19,338,926 in fiscal year 2023, while General Fund expenditures increased from \$18,812,541 in fiscal year 2022 to \$20,493,114 in fiscal year 2023. Accordingly, the District's General Fund balance decreased from \$3,890,456 at June 30, 2022 to \$2,736,268 at June 30, 2023.
- The increase in total General Fund revenues was mainly due to an increase in state sources revenues compared to the prior year. The increase in expenditures was primarily due to an increase in instruction expenditures incurred compared to the prior year.

### 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.

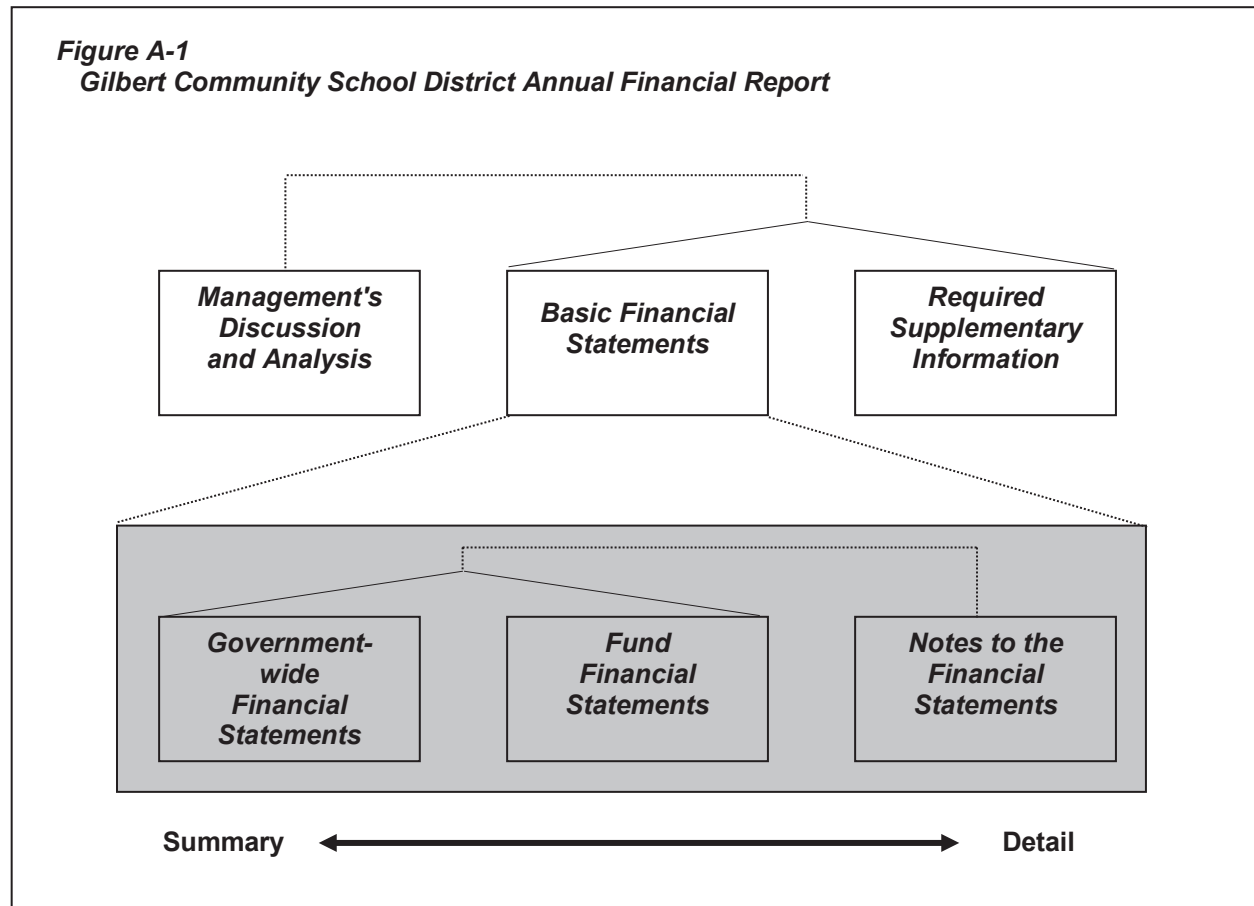
The Fund Financial Statements tell how governmental and business type activities were financed in the short term as well as what remains for future spending. Fund financial statements report Gilbert Community School District's operations in more detail than the government-wide statements by providing 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.

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.

<b>Figure A-2</b>			
<b>Major Features of the Government-Wide and Fund Financial Statements</b>			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary 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
Required financial statements	<ul style="list-style-type: none"> <li>· Statement of net position</li> <li>· Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>· Balance sheet</li> <li>· Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>· Statement of net position</li> <li>· Statement of revenues, expenses and changes in fund net position</li> <li>· Statement of cash flows</li> </ul>
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
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
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
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

## 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, 2023 compared to June 30, 2022.

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,
	2023	2022	2023	2022	2023	2022	2022-23
Current and other assets	\$ 26,467,332	25,691,809	638,181	437,313	27,105,513	26,129,122	3.74%
Capital assets	50,355,177	51,438,492	77,240	99,646	50,432,417	51,538,138	-2.15%
Total assets	76,822,509	77,130,301	715,421	536,959	77,537,930	77,667,260	-0.17%
Deferred outflows of resources	1,683,697	1,793,252	42,028	40,178	1,725,725	1,833,430	-5.87%
Long-term liabilities	33,604,656	31,059,119	140,528	17,635	33,745,184	31,076,754	8.59%
Other liabilities	2,715,272	2,861,817	89,690	78,078	2,804,962	2,939,895	-4.59%
Total liabilities	36,319,928	33,920,936	230,218	95,713	36,550,146	34,016,649	7.45%
Deferred inflows of resources	12,514,560	18,420,319	26,285	140,509	12,540,845	18,560,828	-32.43%
Net position:							
Net investment in capital assets	22,522,626	21,196,100	77,240	99,646	22,599,866	21,295,746	6.12%
Restricted	9,211,893	7,534,174	-	-	9,211,893	7,534,174	22.27%
Unrestricted	(2,062,801)	(2,147,976)	423,706	241,269	(1,639,095)	(1,906,707)	14.04%
Total net position	\$ 29,671,718	26,582,298	500,946	340,915	30,172,664	26,923,213	12.07%

The District's total net position increased 12.07%, or \$3,249,451, 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 22.27%, or \$1,677,719, 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 14.04%, or \$267,612, from the prior year. This increase in unrestricted net position was primarily the result of the changes in the District's pension related deferred outflows of resources, pension related deferred inflows of resources and net pension liability.

**Figure A-4** shows the changes in net position for the year ended June 30, 2023 compared to the year ended June 30, 2022.

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2023	2022	2023	2022	2023	2022	2022-23
Revenues:							
Program revenues:							
Charges for service	\$ 2,225,539	1,990,508	662,159	149,971	2,887,698	2,140,479	34.91%
Operating grants, contributions and restricted interest	1,498,594	1,692,713	421,862	971,214	1,920,456	2,663,927	-27.91%
Capital grants, contributions and restricted interest	45,204	4,180	-	-	45,204	4,180	981.44%
General revenues:							
Property tax	11,211,650	10,986,362	-	-	11,211,650	10,986,362	2.05%
Statewide sales, services and use tax	2,134,490	1,849,210	-	-	2,134,490	1,849,210	15.43%
Unrestricted state grants	9,333,538	8,815,222	-	-	9,333,538	8,815,222	5.88%
Unrestricted investment earnings	297,166	51,596	7,758	729	304,924	52,325	482.75%
Other	63,436	81,624	8,954	7,563	72,390	89,187	-18.83%
Total revenues	<u>26,809,617</u>	<u>25,471,415</u>	<u>1,100,733</u>	<u>1,129,477</u>	<u>27,910,350</u>	<u>26,600,892</u>	<u>4.92%</u>
Program expenses:							
Instruction	13,588,096	12,396,179	-	-	13,588,096	12,396,179	9.62%
Support services	6,698,346	6,065,983	9,963	8,028	6,708,309	6,074,011	10.44%
Non-instructional programs	-	-	940,739	756,407	940,739	756,407	24.37%
Other expenses	3,423,755	3,359,567	-	-	3,423,755	3,359,567	1.91%
Total expenses	<u>23,710,197</u>	<u>21,821,729</u>	<u>950,702</u>	<u>764,435</u>	<u>24,660,899</u>	<u>22,586,164</u>	<u>9.19%</u>
Excess of revenues over expenses	3,099,420	3,649,686	150,031	365,042	3,249,451	4,014,728	-19.06%
Transfers	(10,000)	(25,280)	10,000	25,280	-	-	0.00%
Change in net position	3,089,420	3,624,406	160,031	390,322	3,249,451	4,014,728	-19.06%
Net position beginning of year	26,582,298	22,957,892	340,915	(49,407)	26,923,213	22,908,485	17.53%
Net position end of year	<u>\$ 29,671,718</u>	<u>26,582,298</u>	<u>500,946</u>	<u>340,915</u>	<u>30,172,664</u>	<u>26,923,213</u>	<u>12.07%</u>

In fiscal year 2023, property tax and unrestricted state grants accounted for 76.63% of governmental activities revenues, while charges for service and operating grants, contributions and restricted interest accounted for 98.48% of the business type activities revenues.

The District's total revenues were approximately \$27.91 million, of which approximately \$26.81 was for governmental activities and approximately \$1.10 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.92% increase in revenues and a 9.19% increase 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 increase in expenses primarily occurred in the instruction functional area.

### Governmental Activities

Revenues for governmental activities were \$26,809,617 and expenses were \$23,710,197 for the year ended June 30, 2023.

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, 2023 compared to those expenses for the year ended June 30, 2022.

Figure A-5 Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2023	2022	Change 2022-23	2023	2022	Change 2022-23
Instruction	\$ 13,588,096	12,396,179	9.62%	10,691,167	9,564,288	11.78%
Support services	6,698,346	6,065,983	10.42%	6,563,928	5,922,081	10.84%
Other expenses	3,423,755	3,359,567	1.91%	2,685,765	2,647,959	1.43%
Total	<u>\$ 23,710,197</u>	<u>21,821,729</u>	<u>8.65%</u>	<u>19,940,860</u>	<u>18,134,328</u>	<u>9.96%</u>

For the year ended June 30, 2023:

- The cost financed by users of the District's programs was \$2,225,539.
- Federal and state governments along with contributions from local sources subsidized certain programs and projects with grants and contributions totaling \$1,543,798.
- The net cost of governmental activities was financed with \$11,211,650 in property tax, \$2,134,490 in statewide sales, services and use tax, \$9,333,538 in unrestricted state grants, \$297,166 in interest income and \$63,436 in other general revenues.

### Business Type Activities

Revenues of the District's business type activities during the year ended June 30, 2023 were \$1,100,733 and expenses were \$950,702. 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 \$12,715,611, above last year's ending fund balances of \$12,117,139. 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 state sources revenues. However, General Fund expenditures increased primarily due to an increase in instruction expenditures. In total, expenditures outpaced revenues causing the General Fund balance to decrease from \$3,890,456 at June 30, 2022 to \$2,736,268 at June 30, 2023.
- The Capital Projects Fund balance increased from \$5,531,171 at June 30, 2022 to \$6,784,743 at June 30, 2023.
- The Debt Service Fund balance increased slightly from \$1,023,838 at June 30, 2022 to \$1,033,556 at June 30, 2023.
- The Management Levy Fund balance increased from \$1,475,892 at June 30, 2022 to \$1,942,618 at June 30, 2023.

## Proprietary Fund Highlights

The School Nutrition Fund net position increased from \$340,915 at June 30, 2022 to \$500,946 at June 30, 2023, representing an increase of 46.94%.

## BUDGETARY HIGHLIGHTS

The District's revenues were \$986,450 more than budgeted revenues, a variance of 3.66%. The most significant variance resulted from the District receiving more from local sources than originally anticipated.

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

In spite of the District's budgetary practice, expenditures exceeded the amounts budgeted in the non-instructional programs function.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2023, the District had invested \$50,432,417, 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 2.15% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation/amortization expense for the year was \$2,173,088.

The original cost of the District's capital assets was \$73,577,944. Governmental funds accounted for \$72,985,496, with the remainder of \$592,448 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 \$46,876,936 at June 30, 2023, compared to \$48,305,170 reported at June 30, 2022. The decrease was a result of annual depreciation expense applied during the year.

Figure A-6							
Capital Assets, Net of Depreciation/Amortization							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2023	2022	2023	2022	2023	2022	2022-23
Land	\$ 1,543,909	1,543,909	-	-	1,543,909	1,543,909	0.00%
Buildings	46,876,936	48,305,170	-	-	46,876,936	48,305,170	-2.96%
Land improvements	967,641	923,316	-	-	967,641	923,316	4.80%
Machinery and equipment	763,307	621,281	77,240	99,646	840,547	720,927	16.59%
Right-to-use leased asset	203,384	44,816	-	-	203,384	44,816	353.82%
Total	\$ 50,355,177	51,438,492	77,240	99,646	50,432,417	51,538,138	-2.15%

### Long-Term Debt

At June 30, 2023, the District had \$27,832,551 of total long-term debt outstanding. This represents a decrease of 7.97% 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 \$22,235,000 at June 30, 2023.

The District had outstanding revenue bonded indebtedness of \$5,391,000 at June 30, 2023, 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 \$206,551 at June 30, 2023.

Figure A-7			
Outstanding Long-Term Obligations			
	Total District		Total Change
	June 30,		June 30,
	2023	2022	2022-23
General obligation bonds	\$ 22,235,000	24,095,000	-7.72%
Revenue bonds	5,391,000	6,100,000	-11.62%
Lease agreements	206,551	47,392	335.84%
Total	<u>\$ 27,832,551</u>	<u>30,242,392</u>	<u>-7.97%</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, 2022 enrollment increased 1.7% for Total School Age Students Provided Instructional Programs/Services by the Gilbert CSD. This enrollment is similar to the previous year of 1.8%.
- The District hired RSP & Associates to complete an enrollment analysis, which was completed and presented to the board in January 2023. The first five-years (2023/24 to 2027/28) the District is forecasted to increase by about 220 students and the total enrollment to reach 1,915 students. The second five-years (2028/29 to 2032/33) the District is forecasted to increase by about 80 students and the total enrollment to reach 2,000.
- Due to the anticipated student enrollment increase within the next 5 to 10 years, the board approved a multi-phase financing and project scenario for the long-range plans to include the following projects: New Elementary Building, District Office Building, HS Renovation and Classroom Addition, MS Secured Entrance, Move Track from IS to MS, New Transportation and Maintenance Hub, IS Renovation and Classroom Addition and MS Renovation and Classroom Addition and Gymnasium; and entertain a petition from district patrons for a potential bond election on the November 7, 2023 election ballot at the May 8, 2023 board meeting.
- In FY23 the District received 2.5% supplemental state aid, which was the same amount as FY22. Special Education funding continues to be insufficient to cover actual special education expenses. FY23 the district realized a (\$707,571) deficit passed onto taxpayers, this was an increase compared to FY22 (\$153,029) and FY21 (\$450,782). The District anticipates the special education program to continue a deficit in FY24, due to the increase in special education needs, resulting in additional staff and tuitioning students to other districts or programs to meet their needs.
- The district is post-pandemic and is back to a normal school year and educational environment.
- The School Nutrition Fund continues to be solvent, with a healthy ending Cash Balance of \$601,648 closing FY2023. All salaries and benefits were reimbursed to the General Fund and all bills were paid. The School Nutrition Fund is once again charging for school meals, back to normal business practice, post-pandemic.

---

## **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, 2023

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 13,498,948	601,648	14,100,596
Receivables:			
Property tax:			
Delinquent	16,901	-	16,901
Succeeding year	11,413,089	-	11,413,089
Accounts	82,065	909	82,974
Due from other governments	677,209	-	677,209
Inventories	-	35,624	35,624
Prepaid expenses	779,120	-	779,120
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 asset	48,811,268	77,240	48,888,508
<b>Total assets</b>	<b>76,822,509</b>	<b>715,421</b>	<b>77,537,930</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	1,643,748	41,138	1,684,886
OPEB related deferred outflows	39,949	890	40,839
<b>Total deferred outflows of resources</b>	<b>1,683,697</b>	<b>42,028</b>	<b>1,725,725</b>
<b>Liabilities</b>			
Accounts payable	396,814	802	397,616
Salaries and benefits payable	1,941,818	50,431	1,992,249
Accrued interest payable	112,115	-	112,115
Unamortized bond premiums/discounts	264,525	-	264,525
Unearned revenue	-	38,457	38,457
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	1,125,000	-	1,125,000
Revenue bonds	723,000	-	723,000
Lease agreements	49,212	-	49,212
Portion due after one year:			
General obligation bonds	21,110,000	-	21,110,000
Revenue bonds	4,668,000	-	4,668,000
Lease agreements	157,339	-	157,339
Net pension liability	5,160,657	126,901	5,287,558
Total OPEB liability	611,448	13,627	625,075
<b>Total liabilities</b>	<b>36,319,928</b>	<b>230,218</b>	<b>36,550,146</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	11,413,089	-	11,413,089
Pension related deferred inflows	754,451	18,551	773,002
OPEB related deferred inflows	347,020	7,734	354,754
<b>Total deferred inflows of resources</b>	<b>12,514,560</b>	<b>26,285</b>	<b>12,540,845</b>
<b>Net Position</b>			
Net investment in capital assets	22,522,626	77,240	22,599,866
Restricted for:			
Categorical funding	123,785	-	123,785
Debt service	142,321	-	142,321
Management levy purposes	1,942,618	-	1,942,618
Student activities	218,426	-	218,426
School infrastructure	5,183,645	-	5,183,645
Physical plant and equipment	1,601,098	-	1,601,098
Unrestricted	(2,062,801)	423,706	(1,639,095)
<b>Total net position</b>	<b>\$ 29,671,718</b>	<b>500,946</b>	<b>30,172,664</b>

SEE NOTES TO FINANCIAL STATEMENTS.

**GILBERT COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges	Operating Grants,	Capital Grants,	Govern- mental Activities	Business Type Activities	Total
		for Service	Contributions and Restricted Interest	Contributions and Restricted Interest			
<b>Functions/Programs:</b>							
Governmental activities:							
Instruction:							
Regular	\$ 9,101,503	1,266,367	142,787	-	(7,692,349)	-	(7,692,349)
Special	2,255,057	606,508	223,704	-	(1,424,845)	-	(1,424,845)
Other	2,231,536	350,366	307,197	-	(1,573,973)	-	(1,573,973)
	<u>13,588,096</u>	<u>2,223,241</u>	<u>673,688</u>	<u>-</u>	<u>(10,691,167)</u>	<u>-</u>	<u>(10,691,167)</u>
Support services:							
Student	645,754	-	-	-	(645,754)	-	(645,754)
Instructional staff	763,323	-	587	-	(762,736)	-	(762,736)
Administration	2,365,126	-	5,277	-	(2,359,849)	-	(2,359,849)
Operation and maintenance of plant	2,034,417	-	-	45,204	(1,989,213)	-	(1,989,213)
Transportation	889,726	2,298	81,052	-	(806,376)	-	(806,376)
	<u>6,698,346</u>	<u>2,298</u>	<u>86,916</u>	<u>45,204</u>	<u>(6,563,928)</u>	<u>-</u>	<u>(6,563,928)</u>
Long-term debt interest	871,950	-	-	-	(871,950)	-	(871,950)
Other expenditures:							
AEA flowthrough	737,990	-	737,990	-	-	-	-
Depreciation/amortization (unallocated)*	1,813,815	-	-	-	(1,813,815)	-	(1,813,815)
	<u>2,551,805</u>	<u>-</u>	<u>737,990</u>	<u>-</u>	<u>(1,813,815)</u>	<u>-</u>	<u>(1,813,815)</u>
Total governmental activities	<u>23,710,197</u>	<u>2,225,539</u>	<u>1,498,594</u>	<u>45,204</u>	<u>(19,940,860)</u>	<u>-</u>	<u>(19,940,860)</u>
Business type activities:							
Support services:							
Administration	252	-	-	-	-	(252)	(252)
Operation and maintenance of plant	9,711	-	-	-	-	(9,711)	(9,711)
	<u>9,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,963)</u>	<u>(9,963)</u>
Non-instructional programs:							
Food service operations	940,739	662,159	421,862	-	-	143,282	143,282
Total business type activities	<u>950,702</u>	<u>662,159</u>	<u>421,862</u>	<u>-</u>	<u>-</u>	<u>133,319</u>	<u>133,319</u>
Total	<u>\$ 24,660,899</u>	<u>2,887,698</u>	<u>1,920,456</u>	<u>45,204</u>	<u>(19,940,860)</u>	<u>133,319</u>	<u>(19,807,541)</u>
<b>General Revenues and Transfers:</b>							
Property tax levied for:							
General purposes					\$ 7,451,395	-	7,451,395
Debt service					2,657,286	-	2,657,286
Capital outlay					1,102,969	-	1,102,969
Statewide sales, services and use tax					2,134,490	-	2,134,490
Unrestricted state grants					9,333,538	-	9,333,538
Unrestricted investment earnings					297,166	7,758	304,924
Other					63,436	8,954	72,390
Transfers					(10,000)	10,000	-
Total general revenues and transfers					<u>23,030,280</u>	<u>26,712</u>	<u>23,056,992</u>
Change in net position					3,089,420	160,031	3,249,451
Net position beginning of year					<u>26,582,298</u>	<u>340,915</u>	<u>26,923,213</u>
Net position end of year					<u>\$ 29,671,718</u>	<u>500,946</u>	<u>30,172,664</u>

\* 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, 2023

	General	Capital Projects	Management Levy	Debt Service	Nonmajor: Student Activity	Total
<b>Assets</b>						
Cash and pooled investments	\$ 4,354,217	6,713,586	1,954,425	252,930	223,790	13,498,948
Receivables:						
Property tax:						
Delinquent	9,720	1,663	1,512	4,006	-	16,901
Succeeding year	6,528,171	1,134,233	1,000,000	2,750,685	-	11,413,089
Accounts	31,619	45,205	-	-	5,241	82,065
Due from other governments	526,590	150,619	-	-	-	677,209
Prepaid expenses	-	-	-	779,120	-	779,120
<b>Total assets</b>	<b>\$ 11,450,317</b>	<b>8,045,306</b>	<b>2,955,937</b>	<b>3,786,741</b>	<b>229,031</b>	<b>26,467,332</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 244,060	126,330	13,319	2,500	10,605	396,814
Salaries and benefits payable	1,941,818	-	-	-	-	1,941,818
Total liabilities	2,185,878	126,330	13,319	2,500	10,605	2,338,632
Deferred inflows of resources:						
Unavailable revenues:						
Succeeding year property tax	6,528,171	1,134,233	1,000,000	2,750,685	-	11,413,089
Fund balances:						
Nonspendable	-	-	-	779,120	-	779,120
Restricted for:						
Categorical funding	123,785	-	-	-	-	123,785
Debt service	-	-	-	254,436	-	254,436
Management levy purposes	-	-	1,942,618	-	-	1,942,618
Student activities	-	-	-	-	218,426	218,426
School infrastructure	-	5,183,645	-	-	-	5,183,645
Physical plant and equipment	-	1,601,098	-	-	-	1,601,098
Unassigned	2,612,483	-	-	-	-	2,612,483
Total fund balances	2,736,268	6,784,743	1,942,618	1,033,556	218,426	12,715,611
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 11,450,317</b>	<b>8,045,306</b>	<b>2,955,937</b>	<b>3,786,741</b>	<b>229,031</b>	<b>26,467,332</b>

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2023

<b>Total fund balances of governmental funds (page 20)</b>		\$ 12,715,611
<b><i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i></b>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		50,355,177
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 governmental funds.		(112,115)
Net premiums/discounts associated with bond issuances are amortized over the life of the bonds in the government-wide financial statements.		(264,525)
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	\$ 1,683,697	
Deferred inflows of resources	<u>(1,101,471)</u>	582,226
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>(33,604,656)</u>
<b>Net position of governmental activities (page 18)</b>		<b><u>\$ 29,671,718</u></b>

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023

	General	Capital Projects	Management Lew	Debt Service	Nonmajor: Student Activity	Total
Revenues:						
Local sources:						
Local tax	\$ 6,448,371	1,102,969	1,003,024	2,657,286	-	11,211,650
Tuition	1,737,833	-	-	-	-	1,737,833
Other	481,672	149,018	-	2,541	423,612	1,056,843
State sources	10,274,404	2,134,683	175	464	-	12,409,726
Federal sources	393,565	-	-	-	-	393,565
Total revenues	19,335,845	3,386,670	1,003,199	2,660,291	423,612	26,809,617
Expenditures:						
Current:						
Instruction:						
Regular	9,464,553	68,963	192,065	-	-	9,725,581
Special	2,366,780	-	-	-	-	2,366,780
Other	1,947,076	64,105	-	-	400,968	2,412,149
	13,778,409	133,068	192,065	-	400,968	14,504,510
Support services:						
Student	630,161	-	-	-	-	630,161
Instructional staff	526,043	264,226	-	-	-	790,269
Administration	2,293,968	312,563	53,966	-	-	2,660,497
Operation and maintenance of plant	1,874,090	225,715	218,352	-	-	2,318,157
Transportation	642,453	196,972	72,090	-	-	911,515
	5,966,715	999,476	344,408	-	-	7,310,599
Capital outlay	-	583,525	-	-	-	583,525
Long-term debt:						
Principal	-	-	-	2,664,071	-	2,664,071
Interest and fiscal charges	-	-	-	924,184	-	924,184
	-	-	-	3,588,255	-	3,588,255
Other expenditures:						
AEA flowthrough	737,990	-	-	-	-	737,990
Total expenditures	20,483,114	1,716,069	536,473	3,588,255	400,968	26,724,879
Excess (Deficiency) of revenues over (under) expenditures	(1,147,269)	1,670,601	466,726	(927,964)	22,644	84,738
Other financing sources (uses):						
Insurance proceeds	-	266,423	-	-	-	266,423
Proceeds from the sale of equipment	3,081	-	-	-	-	3,081
Computer lease proceeds	-	254,230	-	-	-	254,230
Transfer in	-	-	-	937,682	-	937,682
Transfer out	(10,000)	(937,682)	-	-	-	(947,682)
Total other financing sources (uses)	(6,919)	(417,029)	-	937,682	-	513,734
Change in fund balances	(1,154,188)	1,253,572	466,726	9,718	22,644	598,472
Fund balances beginning of year	3,890,456	5,531,171	1,475,892	1,023,838	195,782	12,117,139
Fund balances end of year	\$ 2,736,268	6,784,743	1,942,618	1,033,556	218,426	12,715,611

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, 2023

**Change in fund balances - total governmental funds (page 22)** \$ 598,472

***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 and depreciation/amortization expense in the current year are as follows:

Capital outlay	\$ 1,062,067	
Depreciation/amortization expense	<u>(2,145,382)</u>	(1,083,315)

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	(254,230)	
Repaid	<u>2,664,071</u>	2,409,841

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.

52,234

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.

1,138,239

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

27,107

Some expenses reported in the Statement of Activities do not require the use current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Pension expense	(43,599)	
Total OPEB liability and related expenses	<u>(42,625)</u>	<u>(86,224)</u>

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.

33,066

**Change in net position of governmental activities (page 19)** \$ 3,089,420

GILBERT COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2023

	Business Type Activities: Enterprise Funds
	School Nutrition
<b>Assets</b>	
Current assets:	
Cash and pooled investments	\$ 601,648
Accounts receivable	909
Inventories	35,624
Total current assets	638,181
Noncurrent assets:	
Capital assets, net of accumulated depreciation	77,240
<b>Total assets</b>	715,421
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	41,138
OPEB related deferred outflows	890
<b>Total deferred outflows of resources</b>	42,028
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	802
Salaries and benefits payable	50,431
Unearned revenue	38,457
Total current liabilities	89,690
Noncurrent liabilities:	
Net pension liability	126,901
Total OPEB liability	13,627
Total noncurrent liabilities	140,528
<b>Total liabilities</b>	230,218
<b>Deferred Inflows of Resources</b>	
Pension related deferred inflows	18,551
OPEB related deferred inflows	7,734
<b>Total deferred inflows of resources</b>	26,285
<b>Net Position</b>	
Net investment in capital assets	77,240
Unrestricted	423,706
<b>Total net position</b>	\$ 500,946

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, 2023

	Business Type Activities:
	Enterprise Funds
	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 662,159
Miscellaneous	8,954
Total operating revenues	671,113
Operating expenses:	
Support services:	
Administration:	
Services	252
Operation and maintenance of plant:	
Services	9,711
Total support services	9,963
Non-instructional programs:	
Food service operations:	
Salaries	316,718
Benefits	104,362
Services	123
Supplies	491,830
Depreciation	27,706
	940,739
Total operating expenses	950,702
Operating loss	(279,589)
Non-operating revenues:	
State sources	5,702
Federal sources	416,160
Interest income	7,758
Total non-operating revenues	429,620
Change in net position before other financing sources	150,031
Other financing sources:	
Transfer in	10,000
Change in net position	160,031
Net position beginning of year	340,915
Net position end of year	\$ 500,946

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2023

	Business Type Activities: Enterprise Funds
	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 662,662
Cash received from miscellaneous	8,954
Cash payments to employees for services	(404,810)
Cash payments to suppliers for goods or services	(402,068)
Net cash used in operating activities	(135,262)
Cash flows from non-capital financing activities:	
Transfer from the General Fund	10,000
State grants received	7,712
Federal grants received	321,851
Net cash provided by non-capital financing activities	339,563
Cash flows from capital and related financing activities:	
Purchase of capital assets	(5,300)
Cash flows from investing activities:	
Interest on investments	7,758
Net increase in cash and pooled investments	206,759
Cash and pooled investments beginning of year	394,889
Cash and pooled investments end of year	\$ 601,648
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (279,589)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	94,309
Depreciation	27,706
Change in assets and liabilities:	
Inventories	4,737
Accounts receivable	(856)
Accounts payable	802
Salaries and benefits payable	9,451
Net pension liability	123,288
Deferred outflows of resources	(1,850)
Deferred inflows of resources	(114,224)
Unearned revenue	1,359
Total OPEB liability	(395)
Net cash used in operating activities	\$ (135,262)

**Non-cash investing, capital and related financing activities:**

During the year ended June 30, 2023, the District received \$94,309 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**(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 Management Levy Fund is utilized to account for the payment of property insurance, costs of unemployment benefits, early retirement benefits, insurance agreements and judgements or settlements relating to such liabilities.

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 the 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, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2022.

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, 2023 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. During the year ended June 30, 2023, expenditures exceeded the amounts budgeted in the non-instructional programs function.

**(2) Cash and Pooled Investments**

The District's deposits at June 30, 2023 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, 2023, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) Direct Government Obligation Portfolio which are valued at an amortized cost of \$4,197,371. 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) Interfund Transfers**

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

Transfer to	Transfer from	Amount
School Nutrition	General	\$ 10,000
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	835,241
Debt Service	Capital Projects: Physical Plant and Equipment Levy	102,441
Total		<u>\$ 947,682</u>

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



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 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.

#### (4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 1,543,909	-	-	1,543,909
Capital assets being depreciated/amortized:				
Buildings	63,488,365	303,539	-	63,791,904
Land improvements	2,170,739	126,367	-	2,297,106
Intangible assets	32,263	-	-	32,263
Machinery and equipment	4,705,603	377,931	17,450	5,066,084
Right-to-use leased asset	206,841	254,230	206,841	254,230
Total capital assets being depreciated/amortized	70,603,811	1,062,067	224,291	71,441,587
Less accumulated depreciation/amortization for:				
Buildings	15,183,195	1,731,773	-	16,914,968
Land improvements	1,247,423	82,042	-	1,329,465
Intangible assets	32,263	-	-	32,263
Machinery and equipment	4,084,322	235,905	17,450	4,302,777
Right-to-use leased asset	162,025	95,662	206,841	50,846
Total accumulated depreciation/amortization	20,709,228	2,145,382	224,291	22,630,319
Total capital assets being depreciated/amortized, net	49,894,583	(1,083,315)	-	48,811,268
Governmental activities capital assets/amortized, net	\$ 51,438,492	(1,083,315)	-	50,355,177
<b>Business type activities:</b>				
Machinery and equipment	\$ 587,148	5,300	-	592,448
Less accumulated depreciation	487,502	27,706	-	515,208
Business type activities capital assets, net	\$ 99,646	(22,406)	-	77,240

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 27,604
Other	6,089
Support services:	
Instructional staff	17,872
Administration	97,309
Operation and maintenance of plant	51,184
Transportation	131,509
	<u>331,567</u>
Unallocated depreciation/amortization	1,813,815
Total governmental activities depreciation/amortization expense	<u>\$ 2,145,382</u>
Business type activities:	
Food service operations	\$ 27,706

**(5) Long-Term Liabilities**

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$24,095,000	-	1,860,000	22,235,000	1,125,000
Revenue bonds	6,100,000	-	709,000	5,391,000	723,000
Lease agreements	47,392	254,230	95,071	206,551	49,212
Termination benefits	-	125,413	125,413	-	-
Net pension liability	187,532	4,973,125	-	5,160,657	-
Total OPEB liability	629,195	-	17,747	611,448	-
<b>Total</b>	<b>\$31,059,119</b>	<b>5,352,768</b>	<b>2,807,231</b>	<b>33,604,656</b>	<b>1,897,212</b>
<b>Business type activities:</b>					
Net pension liability	\$ 3,613	123,288	-	126,901	-
Total OPEB liability	14,022	-	395	13,627	-
<b>Total</b>	<b>\$ 17,635</b>	<b>123,288</b>	<b>395</b>	<b>140,528</b>	<b>-</b>

**General Obligation Bonds**

Details of the District's June 30, 2023 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bonds Issued July 24, 2018			Bonds Issued January 23, 2019		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2024	5.00 %	\$ 600,000	306,307	5.00 %	\$ 195,000	112,138
2025		-	276,306	5.00	185,000	102,388
2026		-	276,306	3.00	195,000	93,138
2027		-	276,306	3.00	200,000	87,288
2028		-	276,306	3.00	205,000	81,287
2029-2033		-	1,105,224	3.00-3.13	1,130,000	309,688
2034-2038	3.25-3.50	7,605,000	1,137,069	3.13-3.38	1,250,000	124,373
<b>Total</b>		<b>\$ 8,205,000</b>	<b>3,653,824</b>		<b>\$ 3,360,000</b>	<b>910,300</b>

Year Ending June 30,	Bonds Issued April 28, 2021			Bonds Issued April 1, 2022		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2024	2.00 %	\$ 200,000	50,798	4.00 %	\$ 130,000	202,700
2025	2.00	100,000	46,798	4.00	890,000	197,500
2026	2.00	100,000	44,798	4.00	945,000	161,900
2027	2.00	100,000	42,798	4.00	985,000	124,100
2028	1.00	100,000	40,798	2.00	1,025,000	84,700
2029-2033	1.10-1.45	2,885,000	171,038	2.00	3,210,000	129,400
2034-2038		-	-		-	-
<b>Total</b>		<b>\$ 3,485,000</b>	<b>397,028</b>		<b>\$ 7,185,000</b>	<b>900,300</b>

Year Ending June 30,	Total		
	Principal	Interest	Total
2024	1,125,000	671,943	1,796,943
2025	1,175,000	622,992	1,797,992
2026	1,240,000	576,142	1,816,142
2027	1,285,000	530,492	1,815,492
2028	1,330,000	483,091	1,813,091
2029-2033	7,225,000	1,715,350	8,940,350
2034-2038	8,855,000	1,261,442	10,116,442
<b>Total</b>	<b>\$22,235,000</b>	<b>5,861,452</b>	<b>28,096,452</b>

## Revenue Bonds

Details of the District's June 30, 2023, 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	
2024	2.08	% \$ 723,000	104,714	827,714	
2025	2.08	738,000	89,505	827,505	
2026	2.08	754,000	73,974	827,974	
2027	2.08	770,000	58,109	828,109	
2028	2.08	785,000	41,921	826,921	
2029-2030	2.08	1,621,000	33,926	1,654,926	
Total		<u>\$ 5,391,000</u>	<u>402,149</u>	<u>5,793,149</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 39% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$5,793,149. For the current year, \$709,000 in principal and \$119,621 in interest was paid on the bonds and statewide sales, services and use tax revenues were \$2,134,490.

## Lease Agreements

On May 20, 2022 the District entered into a sixty-month copier lease agreement with Access Systems for fifteen copiers. The agreement requires sixty monthly payments of \$4,587 and has an implicit interest rate of 3.17%. Details of the District's June 30, 2023 lease agreement indebtedness are as follows:

Year Ending June 30,	Copier Lease Agreement - May 20, 2022				
	Interest Rate	Principal	Interest	Total	
2024	3.17	% \$ 49,212	5,837	55,049	
2025	3.17	50,795	4,254	55,049	
2026	3.17	52,429	2,620	55,049	
2027	3.17	54,115	934	55,049	
Total		<u>\$ 206,551</u>	<u>13,645</u>	<u>220,196</u>	

## Termination Benefits

In October 2022, 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, 2023. 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 2023, 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 five approved fiscal year 2023 retirees totaled \$125,413 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, 2023 \$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](http://www.ipers.org).

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

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

- A multiplier based on years of service.
- The member's highest five-year average salary, 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 2023, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2023 were \$1,166,946.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the District reported a liability of \$5,287,558 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the District's proportion was 0.139951%, which was an increase of 0.084583% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$78,779. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 234,397	72,428
Changes of assumptions	4,486	126
Net difference between projected and actual earnings on IPERS' investments	-	566,016
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	279,057	134,432
District contributions subsequent to the measurement date	1,166,946	-
<b>Total</b>	<b>\$ 1,684,886</b>	<b>773,002</b>

\$1,166,946 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, 2024. 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
2024	\$ (414,470)
2025	(316,049)
2026	(663,765)
2027	1,139,946
2028	(724)
Total	<u>\$ (255,062)</u>

There were no non-employer contributing entities at IPERS.

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

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary 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, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

The long-term expected rate of return on 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 geometric 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%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
Total	<u>100.0%</u>	

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	\$ 9,851,356	5,287,558	1,265,597

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](http://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, 2023, 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 \$625,075 at June 30, 2023 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

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	3.69% compounded annually, including inflation.
Healthcare cost trend rate	6.70% for FY2023, decreasing to an ultimate rate of 3.70%.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.69% 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	\$ 643,217
Changes for the year:	
Service cost	74,983
Interest	13,601
Changes in assumptions	(87,074)
Benefit payments	<u>(19,652)</u>
Net changes	<u>(18,142)</u>
Total OPEB liability end of year	<u>\$ 625,075</u>

Changes of assumptions reflect a change in the discount rate from 1.92% in fiscal year 2022 to 3.69% in fiscal year 2023.

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 (2.69%) or 1% higher (4.69%) than the current discount rate.

	1% Decrease (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB liability	\$ 673,159	625,075	580,068

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	\$ 550,880	625,075	713,738

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2023, the District recognized OPEB expense of \$43,575. At June 30, 2023, the District reported deferred outflows of resources and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	117,155
Changes in assumptions	13,128	237,599
Contributions between measurement date and reporting date	<u>27,711</u>	<u>-</u>
Total	<u>\$ 40,839</u>	<u>354,754</u>

\$27,711 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, 2024. 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
2024	\$ (45,009)
2025	(45,009)
2026	(45,009)
2027	(44,361)
2028	(41,507)
Thereafter	<u>(120,731)</u>
Total	<u>\$ (341,626)</u>

**(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 \$737,990 for the year ended June 30, 2023 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, 2023.

Program	Amount
Home School Assistance Program (HSAP)	\$ 43,872
Gifted and Talented Programs	2,080
Teacher Leadership State Aid	10,307
Beginning Teacher Mentoring and Induction	427
Teacher Salary Supplement	19,125
Professional Development	<u>47,974</u>
Total	<u>\$ 123,785</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 2023, 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)	\$ -	254,436	2,612,483
Capital assets, net of accumulated depreciation/amortization	50,355,177	-	-
General obligation bond capitalized indebtedness	(22,235,000)	-	-
Revenue bond capitalized indebtedness	(5,391,000)	-	-
Lease agreement capitalized indebtedness	(206,551)	-	-
Accrued interest payable	-	(112,115)	-
Unamortized bond premiums/discounts, net	-	-	(264,525)
Pension related deferred outflows	-	-	1,643,748
Pension related deferred inflows	-	-	(754,451)
Net pension liability	-	-	(5,160,657)
Total OPEB liability	-	-	(611,448)
OPEB related deferred outflows	-	-	39,949
OPEB related deferred inflows	-	-	(347,020)
Nonspendable fund balance	-	-	779,120
Net position (Exhibit A)	<u>\$ 22,522,626</u>	<u>142,321</u>	<u>(2,062,801)</u>

### **(14) Implementation of Accounting Standard**

Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) was implemented during fiscal year 2023, however, implementation had no effect on the District for the year ended June 30, 2023.

### **(15) Budget Overexpenditure**

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2023, District expenditures in the non-instructional programs functional area exceeded the amounts budgeted.

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, 2023

	Governmental	Proprietary	Total	Budgeted Amounts		Final to
	Funds	Funds		Original	Final	Actual
	Actual	Actual	Actual			Variance
Revenues:						
Local sources	\$ 14,006,326	678,871	14,685,197	14,191,271	14,191,271	493,926
State sources	12,409,726	5,702	12,415,428	11,976,629	11,976,629	438,799
Federal sources	393,565	416,160	809,725	756,000	756,000	53,725
Total revenues	26,809,617	1,100,733	27,910,350	26,923,900	26,923,900	986,450
Expenditures/Expenses:						
Instruction	14,504,510	-	14,504,510	15,003,663	15,003,663	499,153
Support services	7,310,599	9,963	7,320,562	7,671,637	7,671,637	351,075
Non-instructional programs	-	940,739	940,739	815,000	815,000	(125,739)
Other expenditures	4,909,770	-	4,909,770	5,783,917	5,783,917	874,147
Total expenditures/expenses	26,724,879	950,702	27,675,581	29,274,217	29,274,217	1,598,636
Excess (Deficiency) of revenues over (under) expenditures/expenses	84,738	150,031	234,769	(2,350,317)	(2,350,317)	2,585,086
Other financing sources, net	513,734	10,000	523,734	-	-	523,734
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	598,472	160,031	758,503	(2,350,317)	(2,350,317)	3,108,820
Balances beginning of year	12,117,139	340,915	12,458,054	9,087,061	9,087,061	3,370,993
Balances end of year	\$ 12,715,611	500,946	13,216,557	6,736,744	6,736,744	6,479,813

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2023

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 ended June 30, 2023, expenditures in the non-instructional programs functional area exceeded the amounts budgeted.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.139951%	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	\$ 5,287,558	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	\$ 11,271,685	11,065,000	10,558,416	9,933,144	9,441,952	9,222,539	7,492,755	8,966,294	8,514,166
District's proportionate share of the net pension liability as a percentage of its covered payroll	46.91%	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	91.40%	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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 1,166,946	1,064,047	1,044,639	996,714	937,688	843,166	823,573	669,103	800,690	760,315
Contributions in relation to the statutorily required contribution	(1,166,946)	(1,064,047)	(1,044,639)	(996,714)	(937,688)	(843,166)	(823,573)	(669,103)	(800,690)	(760,315)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 12,361,717	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
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2023

Changes in benefit terms:

There are no significant changes in benefit terms.

Changes in assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

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

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

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

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 SIX YEARS  
REQUIRED SUPPLEMENTARY INFORMATION

	2023	2022	2021	2020	2019	2018
Service cost	\$ 74,983	90,988	81,033	75,752	71,808	74,064
Interest cost	13,601	21,800	24,267	28,352	25,589	19,838
Differences between expected and actual experiences	-	(87,694)	-	(77,335)	-	-
Changes in assumptions	(87,074)	(170,283)	18,642	(12,928)	(3,411)	(33,682)
Benefit payments	(19,652)	(20,796)	(18,031)	(35,991)	(31,058)	(6,063)
Net change in total OPEB liability	(18,142)	(165,985)	105,911	(22,150)	62,928	54,157
Total OPEB liability beginning of year	643,217	809,202	703,291	725,441	662,513	608,356
Total OPEB liability end of year	<u>\$ 625,075</u>	<u>643,217</u>	<u>809,202</u>	<u>703,291</u>	<u>725,441</u>	<u>662,513</u>
Covered-employee payroll	\$ 10,827,052	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	5.77%	6.44%	8.57%	7.62%	7.66%	7.42%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB LIABILITY AND RELATED  
RATIOS  
YEAR ENDED JUNE 30, 2023

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, 2023	3.69%
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.

SUPPLEMENTARY INFORMATION

GILBERT COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
YEAR ENDED JUNE 30, 2023

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
<b><u>Elementary</u></b>				
Elementary Health Club	\$ 4,817	-	-	4,817
<b><u>Intermediate School</u></b>				
Student Activity	86	1,273	1,273	86
<b><u>Middle School</u></b>				
MS Musical	5,318	-	1,557	3,761
MS Student Activity	1,987	2,550	584	3,953
MS Student Council	5,183	4,782	4,265	5,700
MS Yearbook	7,258	3,220	5,700	4,778
	<u>19,746</u>	<u>10,552</u>	<u>12,106</u>	<u>18,192</u>
<b><u>Classes</u></b>				
Class of 2022	288	-	288	-
Class of 2023	1,013	7,995	7,814	1,194
Class of 2024	-	5,578	2,988	2,590
	<u>1,301</u>	<u>13,573</u>	<u>11,090</u>	<u>3,784</u>
<b><u>Music</u></b>				
5-8 Band Resale	-	769	710	59
9-12 Band	531	15,988	15,952	567
6-8 Vocal	20	3,578	108	3,490
9-12 Vocal	754	9,440	4,390	5,804
Band/Vocal Travel	405	-	-	405
	<u>1,710</u>	<u>29,775</u>	<u>21,160</u>	<u>10,325</u>
<b><u>Miscellaneous</u></b>				
Athletic Boosters	-	63,596	62,046	1,550
Backpack Buddies	2,357	500	-	2,857
GEF	-	3,068	3,068	-
General Activity	10,486	5,288	-	15,774
	<u>12,843</u>	<u>72,452</u>	<u>65,114</u>	<u>20,181</u>
<b><u>Athletic Support</u></b>				
Cheer-HS Basketball	1,000	576	125	1,451
Cheer-HS Football	731	8,584	7,021	2,294
Cheer-HS Wrestling	536	-	-	536
Cheer-HS Competition	2,761	19,470	22,107	124
FCA	2,451	3,140	2,244	3,347
	<u>7,479</u>	<u>31,770</u>	<u>31,497</u>	<u>7,752</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
<b><u>Athletics</u></b>				
Baseball	-	870	526	344
Bowling	-	210	210	-
Boys Golf	481	8,381	4,411	4,451
Boys Basketball	1,000	430	1,240	190
Boys Soccer	1,000	1,184	612	1,572
Girls' Golf	-	378	378	-
Girls' Track	-	820	485	335
Cross Country	1,000	556	669	887
Football	3,125	11,556	11,873	2,808
General Athletics	60,476	143,944	158,548	45,872
Girls Basketball	1,000	1,882	2,145	737
Girls Soccer	1,050	1,041	757	1,334
Softball	587	48	343	292
Volleyball	1,957	3,004	2,964	1,997
Wrestling	1,000	933	936	997
	<u>72,676</u>	<u>175,237</u>	<u>186,097</u>	<u>61,816</u>
<b><u>HS Clubs/Organizations</u></b>				
After Prom	-	1,575	1,575	-
Agriculture Education	1,407	1,793	1,106	2,094
Art Club	67	-	67	-
CTSO HS	-	413	-	413
DECA	1,099	6,736	6,861	974
Dance	1,895	21,237	19,920	3,212
Drama	2,094	4,451	5,204	1,341
Esports HS	-	660	660	-
FCCLA	1,447	3,784	3,077	2,154
FFA	28,259	30,331	25,136	33,454
Fine Arts Boosters	-	1,077	1,077	-
HS Student Activity	1,719	-	552	1,167
HS Student Council	5,122	3,276	3,521	4,877
Industrial Education Projects	428	960	839	549
Key Club	1,588	1,450	963	2,075
Spanish Club	2,886	-	-	2,886
Thespians Society	80	-	-	80
Yearbook	27,033	11,237	2,073	36,197
	<u>75,124</u>	<u>88,980</u>	<u>72,631</u>	<u>91,473</u>
Total	<u>\$ 195,782</u>	<u>423,612</u>	<u>400,968</u>	<u>218,426</u>

GILBERT COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUND ACCOUNTS  
 JUNE 30, 2023

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 5,070,788	1,642,798	6,713,586
Receivables:			
Property tax:			
Delinquent	-	1,663	1,663
Succeeding year	-	1,134,233	1,134,233
Accounts	-	45,205	45,205
Due from other governments	150,619	-	150,619
<b>Total assets</b>	<b>\$ 5,221,407</b>	<b>2,823,899</b>	<b>8,045,306</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 37,762	88,568	126,330
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	1,134,233	1,134,233
Fund balances:			
Restricted for:			
School infrastructure	5,183,645	-	5,183,645
Physical plant and equipment	-	1,601,098	1,601,098
Total fund balances	5,183,645	1,601,098	6,784,743
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 5,221,407</b>	<b>2,823,899</b>	<b>8,045,306</b>

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, 2023

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	1,102,969	1,102,969
Other	87,648	61,370	149,018
State sources	2,134,490	193	2,134,683
Total revenues	<u>2,222,138</u>	<u>1,164,532</u>	<u>3,386,670</u>
Expenditures:			
Current:			
Instruction:			
Regular	-	68,963	68,963
Other	-	64,105	64,105
Support services:			
Instructional staff	58,636	205,590	264,226
Administration	-	312,563	312,563
Operation and maintenance of plant	116,697	109,018	225,715
Transportation	124,241	72,731	196,972
Capital outlay	217,344	366,181	583,525
Total expenditures	<u>516,918</u>	<u>1,199,151</u>	<u>1,716,069</u>
Excess of revenues over expenditures	1,705,220	(34,619)	1,670,601
Other financing sources (uses):			
Insurance proceeds	-	266,423	266,423
Copier lease proceeds	-	254,230	254,230
Transfer out	(835,241)	(102,441)	(937,682)
Total other financing sources (uses)	<u>(835,241)</u>	<u>418,212</u>	<u>(417,029)</u>
Change in fund balances	869,979	383,593	1,253,572
Fund balances beginning of year	<u>4,313,666</u>	<u>1,217,505</u>	<u>5,531,171</u>
Fund balances end of year	<u>\$ 5,183,645</u>	<u>1,601,098</u>	<u>6,784,743</u>

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Revenues:</b>										
<b>Local sources:</b>										
Local tax	\$ 11,211,650	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
Tuition	1,737,833	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
Other	1,056,843	766,059	565,315	817,697	958,303	722,911	879,526	987,657	863,692	1,229,704
State sources	12,409,726	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
Federal sources	393,565	545,702	733,144	361,899	354,751	336,014	272,367	249,270	424,416	235,610
<b>Total</b>	<b>\$ 26,809,617</b>	<b>25,471,415</b>	<b>24,816,853</b>	<b>24,458,016</b>	<b>23,218,662</b>	<b>21,564,312</b>	<b>20,894,991</b>	<b>19,196,916</b>	<b>18,459,074</b>	<b>17,409,776</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular	\$ 9,725,581	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
Special	2,366,780	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
Other	2,412,149	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
<b>Support services:</b>										
Student	630,161	612,940	455,659	451,919	308,272	263,433	328,156	382,889	443,744	431,759
Instructional staff	790,269	815,056	705,086	792,762	714,203	582,375	470,670	444,596	884,626	475,453
Administration	2,660,497	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
Operation and maintenance of plant	2,318,157	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
Transportation	911,515	833,282	668,478	663,005	651,237	637,012	623,796	551,703	639,385	668,288
Non-instructional programs	-	-	-	-	-	16,670	3,145	1,120	368	1,050
Capital outlay	583,525	522,010	1,289,105	7,973,734	5,961,202	863,035	218,125	235,173	754,601	10,205,067
<b>Long-term debt:</b>										
Principal	2,664,071	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
Interest	924,184	981,909	1,081,099	1,225,212	1,052,190	776,175	819,586	826,077	907,978	1,010,286
<b>Other expenditures:</b>										
AEA flowthrough	737,990	711,608	699,221	676,642	640,009	602,792	570,309	540,175	526,962	493,400
<b>Total</b>	<b>\$ 26,724,879</b>	<b>32,637,079</b>	<b>29,019,178</b>	<b>39,075,203</b>	<b>27,207,845</b>	<b>20,806,419</b>	<b>19,573,160</b>	<b>18,503,572</b>	<b>18,676,390</b>	<b>33,267,762</b>

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, 2023, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 19, 2024.

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 certain deficiencies in internal control, described in Part I of the accompanying Schedule of Findings as item 2023-001 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 II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2023 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. 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.

June 19, 2024  
Newton, Iowa

GILBERT COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2023

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

2023-001 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 II: Other Findings Related to Required Statutory Reporting:**

2023-A Certified Budget - During the year ended June 30, 2023, expenditures in the non-instructional programs function exceeded the amounts budgeted.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget

Response - This is not a regular practice of the Gilbert CSD. The District will monitor the Certified Budget more closely and amend as needed before May 31st of each year.

Conclusion - Response accepted.

2023-B Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

2023-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.

2023-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	\$ 250
Amy Griffin, Principal Father is an athletic official	Services	215
Josh Bennett, Board Member Teaches First Aid, CPR and AED Course	Services	4,842
Andrew Ricklefs, Board President Account Executive at Knapp-Tedesco Insurance Agency	Insurance	Indeterminable
Hannah Schmidt, Teacher Spouse owns Schmidt Youngblade Construction	Services	20,698
Alex Janorschke, Board Member Works at Story County Sherriff's Office	Services	260

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.

2023-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.

- 2023-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.
- 2023-G Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- 2023-H Certified Enrollment – We noted variances in the certified enrollment data certified to the Iowa Department of Education. The District’s enrollment data was understated by 2.00 students.
- Recommendation - The District should contact the Iowa Department of Education and Iowa Department of Management to resolve this matter.
- Response - The District’s auditors will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.
- Conclusion - Response accepted.
- 2023-I Supplementary Weighting - We noted the supplementary weighting data certified to the Iowa Department of Education was overstated by 1.419.
- Recommendation - The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.
- Response - The District’s auditors will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.
- Conclusion - Response accepted.
- 2023-J Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy.
- 2023-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.
- 2023-L Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- 2023-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, 2023, the District reported the following information for the statewide sales, services and use tax revenue in the District’s CAR:

Beginning balance		\$ 4,313,666
Revenues:		
Sales tax revenues	\$2,134,490	
Other local revenues	<u>87,648</u>	<u>2,222,138</u>
Expenditures/transfers out:		
School infrastructure construction	217,344	
Equipment	299,574	
Transfers to other funds:		
Debt service fund	<u>835,241</u>	<u>1,352,159</u>
Ending balance		<u>\$ 5,183,645</u>

For the year ended June 30, 2023, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.