

CLARINDA COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2023

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Clarinda Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Darin Sunderman	President	2023
Scott Honeyman	Vice President	2025
Paul Boysen	Board Member	2025
Trish Bergren	Board Member	2023
Greg Jones	Board Member	2023
School Officials		
Jeff Privia	Superintendent	2023
Nancy McKinnon	Board Secretary/Treasurer and Director of Finance	2023
Ahlers & Cooney, P.C.	Attorney	2023

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of Clarinda 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 Clarinda Community School District, Clarinda, 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 Clarinda 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 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 Clarinda 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 Clarinda Community School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clarinda 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 Clarinda 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 15 and 45 through 51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clarinda 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 two years ended June 30, 2022 (which are not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 26, 2024 on our consideration of Clarinda 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 Clarinda Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

June 26, 2024
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Clarinda 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 governmental activities beginning net position was restated by \$374,185 to reflect changes in District policy and retirement offerings. The supplemental pension liability and related deferred outflows of resources and deferred inflows of resources were removed, while a liability for compensated absences has been added. Further detail is provided in Note 13 to the financial statements.
- The District's total net position increased from \$12,265,800, restated July 1, 2022, to \$13,581,356 at June 30, 2023. Total revenues increased 0.43% from \$15,881,208 in fiscal year 2022 to \$15,949,860 in fiscal year 2023, while total expenses increased 10.12% from \$13,289,133 in fiscal year 2022 to \$14,634,304 in fiscal year 2023. An increase in revenues from unrestricted state grants was the primary reason for the increase in total revenues. The largest increase in total expenses occurred in the instruction functional area.
- General Fund revenues increased from \$13,451,713 in fiscal year 2022 to \$13,466,175 in fiscal year 2023, while General Fund expenditures increased from \$12,720,036 in fiscal year 2022 to \$13,212,627 in fiscal year 2023. Accordingly, the District's General Fund balance increased from \$3,136,991 at June 30, 2022 to \$3,390,539 at June 30, 2023.
- The increase in total General Fund revenues was mainly due to an increase in state funding compared to the prior year. The increase in expenditures was primary due to an increase in instruction expenses.

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 Clarinda 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 Clarinda 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 Clarinda 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 Supplemental Pension Liability, Related Ratios and Notes and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes.

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

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

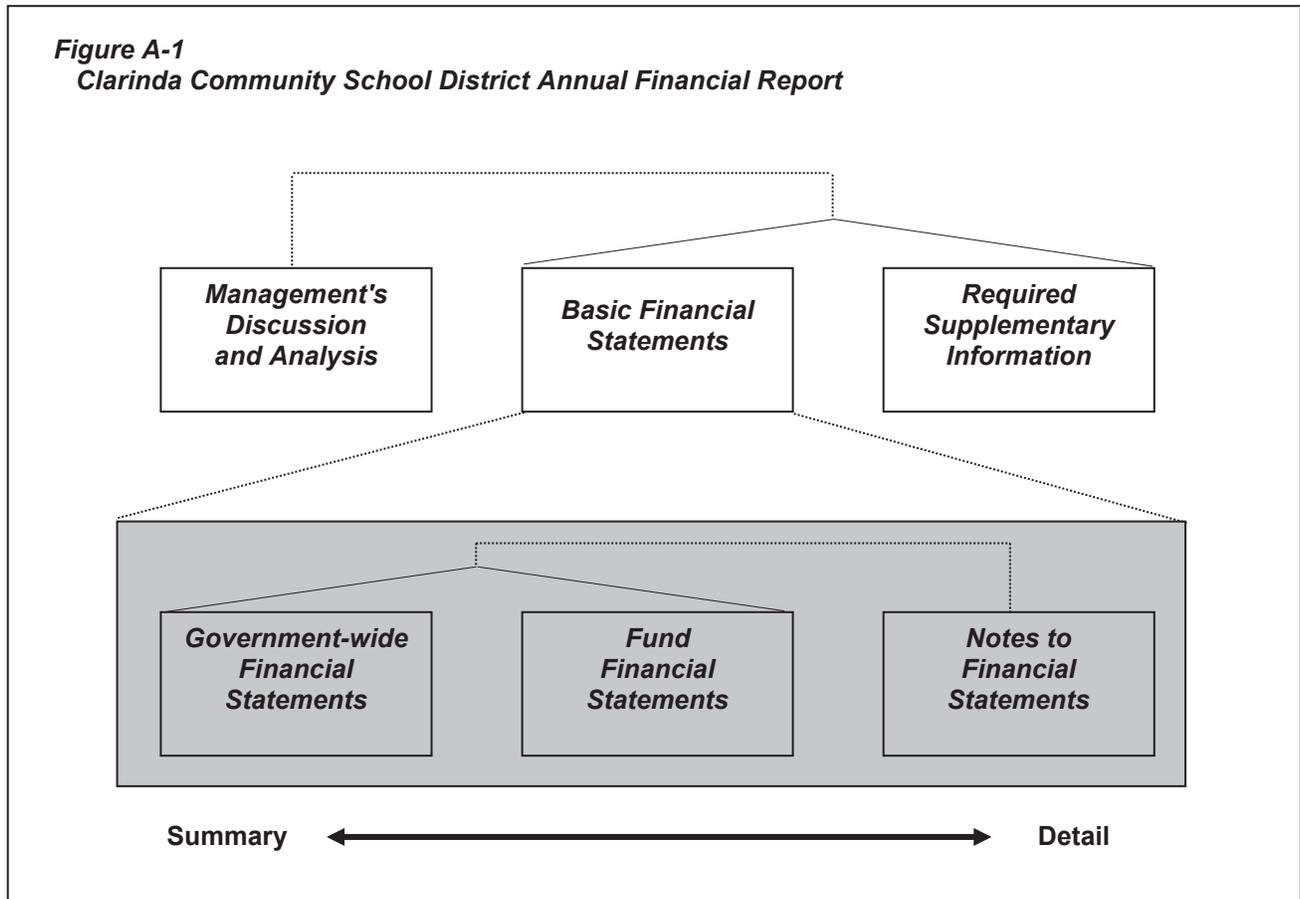


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary 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"> · Statement of net position · Statement of activities 	<ul style="list-style-type: none"> · Balance sheet · Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> · Statement of net position · Statement of revenues, expenses and changes in fund net position · Statement of cash flows
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 District's Internal Service Fund, another type of proprietary fund, is the same as the governmental activities, but provides more detail and additional information, such as cash flows. The District's Internal Service Fund is used to report activities associated with the District's partially self-funded insurance plan.

The required financial statements for proprietary funds include a Statement of Net Position, a 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.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2023	Restated 2022	2023	Not Restated 2022	2023	Restated 2022	2022-23
Current and other assets	\$ 13,884,015	13,281,217	380,750	429,390	14,264,765	13,710,607	4.04%
Capital assets	9,879,605	9,268,303	144,924	108,273	10,024,529	9,376,576	6.91%
Total assets	<u>23,763,620</u>	<u>22,549,520</u>	<u>525,674</u>	<u>537,663</u>	<u>24,289,294</u>	<u>23,087,183</u>	<u>5.21%</u>
Deferred outflows of resources	1,169,666	1,253,079	37,020	44,317	1,206,686	1,297,396	-6.99%
Long-term liabilities	4,527,711	1,222,038	164,980	45,991	4,692,691	1,268,029	270.08%
Other liabilities	1,853,295	1,571,438	36,157	59,400	1,889,452	1,630,838	15.86%
Total liabilities	<u>6,381,006</u>	<u>2,793,476</u>	<u>201,137</u>	<u>105,391</u>	<u>6,582,143</u>	<u>2,898,867</u>	<u>127.06%</u>
Deferred inflows of resources	5,292,509	9,073,962	39,972	145,950	5,332,481	9,219,912	-42.16%
Net position:							
Net investment in capital assets	9,429,780	9,047,607	144,924	108,273	9,574,704	9,155,880	4.57%
Restricted	4,831,977	4,689,604	-	-	4,831,977	4,689,604	3.04%
Unrestricted	(1,001,986)	(1,802,050)	176,661	222,366	(825,325)	(1,579,684)	47.75%
Total net position	<u>\$ 13,259,771</u>	<u>11,935,161</u>	<u>321,585</u>	<u>330,639</u>	<u>13,581,356</u>	<u>12,265,800</u>	<u>10.73%</u>

The District's total net position increased 10.73%, or \$1,315,556.

The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less any 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 \$142,373, or 3.04%, from the prior year. The increase in restricted net position is primarily due to the increase in the amount restricted for categorical funding 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 \$754,359, or 47.75%. The increase in unrestricted net position was primarily a result of the decrease in the District's pension related deferred inflows of resources.

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
	Not Restated		Not Restated		Not Restated		
	2023	2022	2023	2022	2023	2022	2022-23
Revenues:							
Program revenues:							
Charges for service	\$ 1,433,972	1,315,641	253,785	14,737	1,687,757	1,330,378	26.86%
Operating grants, contributions and restricted interest	1,340,731	1,893,333	559,128	922,657	1,899,859	2,815,990	-32.53%
General revenues:							
Property tax	4,156,585	4,022,056	-	-	4,156,585	4,022,056	3.34%
Income surtax	162,917	396,251	-	-	162,917	396,251	-58.89%
Statewide sales, services and use tax	1,321,434	1,143,809	-	-	1,321,434	1,143,809	15.53%
Unrestricted state grants	6,586,467	6,152,940	-	-	6,586,467	6,152,940	7.05%
Unrestricted investment earnings	100,404	2,710	110	80	100,514	2,790	3502.65%
Other	26,319	14,620	8,008	2,374	34,327	16,994	101.99%
Total revenues	<u>15,128,829</u>	<u>14,941,360</u>	<u>821,031</u>	<u>939,848</u>	<u>15,949,860</u>	<u>15,881,208</u>	<u>0.43%</u>
Program expenses:							
Instruction	8,438,604	7,637,100	-	-	8,438,604	7,637,100	10.49%
Support services	4,503,721	4,084,022	-	1,188	4,503,721	4,085,210	10.24%
Non-instructional programs	-	-	872,622	769,331	872,622	769,331	13.43%
Other expenses	819,357	797,492	-	-	819,357	797,492	2.74%
Total expenses	<u>13,761,682</u>	<u>12,518,614</u>	<u>872,622</u>	<u>770,519</u>	<u>14,634,304</u>	<u>13,289,133</u>	<u>10.12%</u>
Excess (Deficiency) of revenues over (under) expenses	1,367,147	2,422,746	(51,591)	169,329	1,315,556	2,592,075	-49.25%
Transfers	(42,537)	-	42,537	-	-	-	0.00%
Change in net position	1,324,610	2,422,746	(9,054)	169,329	1,315,556	2,592,075	-49.25%
Net position beginning of year, as restated	11,935,161	9,138,230	330,639	161,310	12,265,800	9,299,540	31.90%
Net position end of year	<u>\$ 13,259,771</u>	<u>11,560,976</u>	<u>321,585</u>	<u>330,639</u>	<u>13,581,356</u>	<u>11,891,615</u>	<u>14.21%</u>

In fiscal year 2023, property tax and unrestricted state grants accounted for 71.01% of governmental activities revenues, while charges for service and operating grants, contributions and restricted interest accounted for 99.01% of business type activities revenues.

The District's total revenues were approximately \$15.95 million, of which approximately \$15.13 million was for governmental activities and approximately \$0.82 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.43% increase in revenues and a 10.12% increase in expenses. A significant increase in revenues from unrestricted state grants was the primary reason for the increase in total revenues. The largest increase in total expenses occurred in the instruction functional area.

Governmental Activities

Revenues for governmental activities were \$15,128,829 and expenses were \$13,761,682 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	\$ 8,438,604	7,637,100	10.49%	6,229,607	5,107,287	21.97%
Support services	4,503,721	4,084,022	10.28%	4,410,723	3,858,646	14.31%
Other expenses	819,357	797,492	2.74%	346,649	343,707	0.86%
Total	\$ 13,761,682	12,518,614	9.93%	10,986,979	9,309,640	18.02%

For the year ended June 30, 2023:

- The cost financed by users of the District's programs was \$1,433,972.
- Federal and state governments, along with contributions from local sources, subsidized certain programs and projects with grants and contributions totaling \$1,340,731.
- The net cost of governmental activities was financed with \$4,156,585 in property tax, \$162,917 in income surtax, \$1,321,434 in statewide sales, services and use tax, \$6,586,467 in unrestricted state grants, \$100,404 in interest income and \$26,319 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$821,031 and expenses were \$872,622 for the year ended June 30, 2023. 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, unrestricted investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

As previously noted, Clarinda 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 \$7,478,669, above last year's ending combined fund balances of \$6,979,202. The primary reason for the increase in combined fund balances was the increase in the Capital Projects Fund balance.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. General Fund revenues increased compared to the prior year due primarily to an increase in state funding. However, General Fund expenditures also increased compared to the prior year due, in part, to increased instruction costs. In total, revenues outpaced expenditures causing the General Fund balance to increase from \$3,136,991 at June 30, 2022 to \$3,390,539 at June 30, 2023.
- The Capital Projects Fund balance increased from \$3,516,041 at June 30, 2022 to \$3,606,736 at June 30, 2023. Total revenues increased from \$1,340,161 in fiscal year 2022 to \$1,617,086 in fiscal year 2023, while expenditures increased from \$733,895 to \$1,526,391.
- The Management Levy Fund balance increased from \$257,451 at June 30, 2022 to \$449,574 at June 30, 2023. This represents an increase of 74.63% compared to the prior year.

Proprietary Fund Highlights

- The School Nutrition Fund net position decreased from \$330,639 at June 30, 2022 to \$321,585 at June 30, 2023. Decreases in federal source revenues received contributed to the decrease in net position for fiscal year 2023.

BUDGETARY HIGHLIGHTS

Over the course of the year, Clarinda Community School District amended its budget one time to reflect additional expenditures.

The District's revenues were \$697,903 less than budgeted revenues, a variance of 4.11%. The most significant variance resulted from the District receiving less from federal sources than originally anticipated.

Total expenditures were less than budgeted. The District's budget is developed utilizing realistic projections of revenues and expenditures. 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 in the non-instructional programs functional areas exceeded the amounts budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the District had invested approximately \$10.02 million, net of accumulated depreciation/amortization, 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 increase of 6.91% 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 \$706,057.

The original cost of the District's capital assets was \$21,669,184. Governmental activities accounted for \$21,336,277 with the remainder of \$332,907 accounted for in the District's business type activities.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress, net of accumulated depreciation/amortization, totaled \$721,612 at June 30, 2023, compared to \$0 reported at June 30, 2022. This increase resulted from planning of upcoming HVAC projects and the expansion of the 7-12 building.

	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	\$ 120,863	120,863	-	-	120,863	120,863	0.00%
Construction in progress	721,612	-	-	-	721,612	-	100.00%
Buildings	7,065,434	7,228,085	-	-	7,065,434	7,228,085	-2.25%
Land improvements	846,690	890,491	-	-	846,690	890,491	-4.92%
Machinery and equipment	737,018	829,259	144,924	108,273	881,942	937,532	-5.93%
Right-to-use leased asset	387,988	199,605	-	-	387,988	199,605	94.38%
Total	\$ 9,879,605	9,268,303	144,924	108,273	10,024,529	9,376,576	6.91%

Long-Term Debt

At June 30, 2023, the District had \$449,825 of total long-term debt outstanding. This represents an increase of 103.82% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7			
Outstanding Long-Term Obligations			
	Total	Total	Total
	District	Change	
	June 30,	June 30,	
	2023	2022	2022-23
Lease agreements	\$ 449,825	220,696	103.82%

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:

- Union negotiated agreements for salaries and benefits cost continue to exceed the District's new money.
- The many unknowns around ACA, Collective Bargaining, and School Choice will potentially impact the District with increased costs or decreased funding.
- Due to Covid-19 in spring 2020, there could be an impact that is unknown at this time.
- The Clarinda Academy was closed in April 2021. The District's financial statements will no longer include revenues and expenditures associated with those operations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and 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 Nancy McKinnon, Board Secretary/Treasurer and Director of Finance, Clarinda Community School District, 423 E Nodaway St., Clarinda, Iowa 51632.



BASIC FINANCIAL STATEMENTS

CLARINDA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 8,999,037	359,628	9,358,665
Receivables:			
Property tax:			
Delinquent	61,693	-	61,693
Succeeding year	4,327,872	-	4,327,872
Income surtax	107,659	-	107,659
Accounts	6,520	-	6,520
Due from other governments	381,234	5,604	386,838
Inventories	-	15,518	15,518
Capital assets not being depreciated/amortized:			
Land and construction in progress	842,475	-	842,475
Capital assets, net of accumulated depreciation/amortization:			
Buildings, land improvements, machinery and equipment and right-to-use leased asset	9,037,130	144,924	9,182,054
Total assets	23,763,620	525,674	24,289,294
Deferred Outflows of Resources			
Pension related deferred outflows	1,054,755	31,276	1,086,031
OPEB related deferred outflows	114,911	5,744	120,655
Total deferred outflows of resources	1,169,666	37,020	1,206,686
Liabilities			
Accounts payable	551,149	4,396	555,545
Salaries and benefits payable	1,301,522	18,062	1,319,584
Accrued interest payable	624	-	624
Unearned revenue	-	13,699	13,699
Long-term liabilities:			
Portion due within one year:			
Lease agreements	207,320	-	207,320
Compensated absences	18,388	1,413	19,801
Portion due after one year:			
Lease agreements	242,505	-	242,505
Net pension liability	3,193,961	120,308	3,314,269
Total OPEB liability	865,537	43,259	908,796
Total liabilities	6,381,006	201,137	6,582,143
Deferred Inflows of Resources			
Unavailable property tax revenue	4,327,872	-	4,327,872
Pension related deferred inflows	669,319	25,212	694,531
OPEB related deferred inflows	295,318	14,760	310,078
Total deferred inflows of resources	5,292,509	39,972	5,332,481
Net Position			
Net investment in capital assets	9,429,780	144,924	9,574,704
Restricted for:			
Categorical funding	686,527	-	686,527
Management levy purposes	449,574	-	449,574
Student activities	87,534	-	87,534
Scholarships	1,606	-	1,606
School infrastructure	3,230,940	-	3,230,940
Physical plant and equipment	375,796	-	375,796
Unrestricted	(1,001,986)	176,661	(825,325)
Total net position	\$ 13,259,771	321,585	13,581,356

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 5,088,229	884,873	365,717	(3,837,639)	-	(3,837,639)
Special	1,859,942	343,848	98,828	(1,417,266)	-	(1,417,266)
Other	1,490,433	203,390	312,341	(974,702)	-	(974,702)
	<u>8,438,604</u>	<u>1,432,111</u>	<u>776,886</u>	<u>(6,229,607)</u>	<u>-</u>	<u>(6,229,607)</u>
Support services:						
Student	549,568	-	3,000	(546,568)	-	(546,568)
Instructional staff	485,559	-	6,000	(479,559)	-	(479,559)
Administration	1,495,555	-	25,631	(1,469,924)	-	(1,469,924)
Operation and maintenance of plant	1,393,357	-	30,238	(1,363,119)	-	(1,363,119)
Transportation	579,682	1,861	26,268	(551,553)	-	(551,553)
	<u>4,503,721</u>	<u>1,861</u>	<u>91,137</u>	<u>(4,410,723)</u>	<u>-</u>	<u>(4,410,723)</u>
Long-term debt interest	6,624	-	-	(6,624)	-	(6,624)
Other expenditures:						
AEA flowthrough	472,708	-	472,708	-	-	-
Depreciation/amortization (unallocated)*	340,025	-	-	(340,025)	-	(340,025)
	<u>812,733</u>	<u>-</u>	<u>472,708</u>	<u>(340,025)</u>	<u>-</u>	<u>(340,025)</u>
Total governmental activities	<u>13,761,682</u>	<u>1,433,972</u>	<u>1,340,731</u>	<u>(10,986,979)</u>	<u>-</u>	<u>(10,986,979)</u>
Business type activities:						
Non-instructional programs:						
Food service operations	872,622	253,785	559,128	-	(59,709)	(59,709)
Total business type activities	<u>872,622</u>	<u>253,785</u>	<u>559,128</u>	<u>-</u>	<u>(59,709)</u>	<u>(59,709)</u>
Total	<u>\$ 14,634,304</u>	<u>1,687,757</u>	<u>1,899,859</u>	<u>(10,986,979)</u>	<u>(59,709)</u>	<u>(11,046,688)</u>
General Revenues and Transfers:						
Property tax levied for:						
General purposes				\$ 4,041,802	-	4,041,802
Capital outlay				114,783	-	114,783
Income surtax				162,917	-	162,917
Statewide sales, services and use tax				1,321,434	-	1,321,434
Unrestricted state grants				6,586,467	-	6,586,467
Unrestricted investment earnings				100,404	110	100,514
Other				26,319	8,008	34,327
Transfers				(42,537)	42,537	-
Total general revenues and transfers				<u>12,311,589</u>	<u>50,655</u>	<u>12,362,244</u>
Change in net position				1,324,610	(9,054)	1,315,556
Net position beginning of year, as restated				<u>11,935,161</u>	<u>330,639</u>	<u>12,265,800</u>
Net position end of year				<u>\$ 13,259,771</u>	<u>321,585</u>	<u>13,581,356</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

CLARINDA COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Capital Projects	Management Levy	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 4,750,972	3,657,323	442,056	31,542	8,881,893
Receivables:					
Property tax:					
Delinquent	52,342	1,683	7,668	-	61,693
Succeeding year	3,308,344	119,526	900,002	-	4,327,872
Income surtax	107,659	-	-	-	107,659
Accounts	945	-	-	5,575	6,520
Due from other governments	287,916	93,318	-	-	381,234
Total assets	\$ 8,508,178	3,871,850	1,349,726	37,117	13,766,871
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 400,114	145,588	150	5,297	551,149
Salaries and benefits payable	1,301,522	-	-	-	1,301,522
Total liabilities	1,701,636	145,588	150	5,297	1,852,671
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,308,344	119,526	900,002	-	4,327,872
Income surtax	107,659	-	-	-	107,659
Total deferred inflows of resources	3,416,003	119,526	900,002	-	4,435,531
Fund balances:					
Restricted for:					
Categorical funding	686,527	-	-	-	686,527
Management levy purposes	-	-	449,574	-	449,574
Student activities	-	-	-	87,534	87,534
Support trust purposes	-	-	-	1,606	1,606
School infrastructure	-	3,230,940	-	-	3,230,940
Physical plant and equipment	-	375,796	-	-	375,796
Unassigned					
General	2,704,012	-	-	-	2,704,012
Student activities	-	-	-	(57,320)	(57,320)
Total fund balances	3,390,539	3,606,736	449,574	31,820	7,478,669
Total liabilities, deferred inflows of resources and fund balances	\$ 8,508,178	3,871,850	1,349,726	37,117	13,766,871

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds (page 20)		\$ 7,478,669
 Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		9,879,605
Accounts receivable income surtax is not available to finance expenditures of the current year and, therefore, is recognized as deferred inflows of resources in the governmental funds.		107,659
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.		(624)
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		117,144
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	\$ 1,169,666	
Deferred inflows of resources	<u>(964,637)</u>	205,029
Long-term liabilities including lease agreements payable, compensated absences 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>(4,527,711)</u>
Net position of governmental activities (page 18)		<u>\$ 13,259,771</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Management Levy	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 4,008,242	114,783	515,764	-	4,638,789
Tuition	1,182,025	-	-	-	1,182,025
Other	138,322	53,140	78	203,757	395,297
State sources	7,202,063	1,321,476	189	-	8,523,728
Federal sources	708,277	-	-	-	708,277
Total revenues	<u>13,238,929</u>	<u>1,489,399</u>	<u>516,031</u>	<u>203,757</u>	<u>15,448,116</u>
Expenditures:					
Current:					
Instruction:					
Regular	5,462,479	20,643	109,275	-	5,592,397
Special	1,915,870	-	-	-	1,915,870
Other	1,343,050	543	-	236,898	1,580,491
	<u>8,721,399</u>	<u>21,186</u>	<u>109,275</u>	<u>236,898</u>	<u>9,088,758</u>
Support services:					
Student	552,774	-	-	-	552,774
Instructional staff	456,828	65,233	-	-	522,061
Administration	1,365,767	183,634	16,504	1,631	1,567,536
Operation and maintenance of plant	1,155,981	178,721	157,413	2,127	1,494,242
Transportation	432,744	45,684	40,716	-	519,144
	<u>3,964,094</u>	<u>473,272</u>	<u>214,633</u>	<u>3,758</u>	<u>4,655,757</u>
Capital outlay	-	953,316	-	-	953,316
Long-term debt:					
Principal	-	-	-	125,804	125,804
Interest and fiscal charges	-	-	-	7,239	7,239
	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,043</u>	<u>133,043</u>
Other expenditures:					
AEA flowthrough	472,708	-	-	-	472,708
Total expenditures	<u>13,158,201</u>	<u>1,447,774</u>	<u>323,908</u>	<u>373,699</u>	<u>15,303,582</u>
Excess (Deficiency) of revenues over (under) expenditures	80,728	41,625	192,123	(169,942)	144,534
Other financing sources (uses):					
Lease agreement proceeds	227,246	127,687	-	-	354,933
Transfer in	-	-	-	133,043	133,043
Transfer out	(54,426)	(78,617)	-	-	(133,043)
Total other financing sources (uses)	<u>172,820</u>	<u>49,070</u>	<u>-</u>	<u>133,043</u>	<u>354,933</u>
Change in fund balances	253,548	90,695	192,123	(36,899)	499,467
Fund balances beginning of year	3,136,991	3,516,041	257,451	68,719	6,979,202
Fund balances end of year	<u>\$ 3,390,539</u>	<u>3,606,736</u>	<u>449,574</u>	<u>31,820</u>	<u>7,478,669</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CLARINDA 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) \$ 499,467

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	\$ 1,298,187	
Depreciation/amortization expense	<u>(686,885)</u>	611,302

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. (319,287)

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	(354,933)	
Repaid	<u>125,804</u>	(229,129)

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. 615

Net change in the Internal Service Funds charged back against expenditures made for self-funded insurance on an entity-wide basis. (37,428)

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. 696,795

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:

Termination benefits	24,437	
Compensated absences	(3,472)	
Pension expense	84,182	
Total OPEB liability and related expenses	<u>(2,872)</u>	<u>102,275</u>

Change in net position of governmental activities (page 19) \$ 1,324,610

SEE NOTES TO FINANCIAL STATEMENTS.

CLARINDA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business Type Activities: Enterprise Funds	Governmental Activities:
	School Nutrition	Internal Service
Assets		
Current assets:		
Cash and pooled investments	\$ 359,628	117,144
Due from other governments	5,604	-
Inventories	15,518	-
Total current assets	380,750	117,144
Noncurrent assets:		
Capital assets, net of accumulated depreciation	144,924	-
Total assets	525,674	117,144
Deferred Outflows of Resources		
Pension related deferred outflows	31,276	-
OPEB related deferred outflows	5,744	-
Total deferred outflows of resources	37,020	-
Liabilities		
Current liabilities:		
Accounts payable	4,396	-
Salaries and benefits payable	18,062	-
Unearned revenue	13,699	-
Total current liabilities	36,157	-
Noncurrent liabilities:		
Compensated absences	1,413	-
Net pension liability	120,308	-
Total OPEB liability	43,259	-
Total noncurrent liabilities	164,980	-
Total liabilities	201,137	-
Deferred Inflows of Resources		
Pension related deferred inflows	25,212	-
OPEB related deferred inflows	14,760	-
Total deferred inflows of resources	39,972	-
Net Position		
Net investment in capital assets	144,924	-
Unrestricted	176,661	117,144
Total net position	\$ 321,585	117,144

SEE NOTES TO FINANCIAL STATEMENTS.

CLARINDA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Business Type Activities:	
	Enterprise Funds	Governmental Activities:
	School Nutrition	Internal Service
Operating revenues:		
Local sources:		
Charges for service	\$ 253,785	-
Miscellaneous	8,008	67,369
Total operating revenues	<u>261,793</u>	<u>67,369</u>
Operating expenses:		
Instruction:		
Regular:		
Benefits	-	104,838
Non-instructional programs:		
Food service operations:		
Salaries	227,758	-
Benefits	81,573	-
Services	471	-
Supplies	543,648	-
Depreciation	19,172	-
	<u>872,622</u>	<u>-</u>
Total operating expenses	<u>872,622</u>	<u>104,838</u>
Operating loss	<u>(610,829)</u>	<u>(37,469)</u>
Non-operating revenues:		
State sources	5,312	-
Federal sources	553,816	-
Interest income	110	41
Total non-operating revenues	<u>559,238</u>	<u>41</u>
Change in net position before other financing sources	(51,591)	(37,428)
Other financing sources:		
Capital contributions	<u>42,537</u>	<u>-</u>
Change in net position	(9,054)	(37,428)
Net position beginning of year	<u>330,639</u>	<u>154,572</u>
Net position end of year	<u>\$ 321,585</u>	<u>117,144</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CLARINDA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Business Type Activities: Enterprise Funds	Governmental Activities:
	School Nutrition	Internal Service
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 245,515	-
Cash received from miscellaneous	8,008	67,369
Cash payments to employees for services	(304,235)	-
Cash payments to suppliers for goods or services	(477,221)	(104,838)
Net cash used in operating activities	<u>(527,933)</u>	<u>(37,469)</u>
Cash flows from non-capital financing activities:		
State grants received	7,450	-
Federal grants received	498,825	-
Net cash provided by non-capital financing activities	<u>506,275</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	<u>(13,286)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>110</u>	<u>41</u>
Net decrease in cash and pooled investments	(34,834)	(37,428)
Cash and pooled investments beginning of year	<u>394,462</u>	<u>154,572</u>
Cash and pooled investments end of year	<u>\$ 359,628</u>	<u>117,144</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (610,829)	(37,469)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Commodities consumed	57,668	-
Depreciation	19,172	-
Change in assets and liabilities:		
Inventories	8,991	-
Accounts receivable	239	-
Salaries and benefits payable	(15,212)	-
Net pension liability	116,984	-
Deferred outflows of resources	7,297	-
Deferred inflows of resources	(105,978)	-
Unearned revenue	(8,270)	-
Compensated absences	929	-
Total OPEB liability	1,076	-
Net cash used in operating activities	<u>\$ (527,933)</u>	<u>(37,469)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2023, the District received \$57,668 of federal commodities.

During the year ended June 30, 2023, the District received \$42,537 in capital contributions from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

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

(1) Summary of Significant Accounting Policies

Clarinda 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. The geographic area served includes the City of Clarinda, Iowa and the predominate agricultural territory in Page and Taylor County. 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 Government Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Clarinda 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 Page and Taylor 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 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 used to account for management fund tax levies and for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

The District reports the following major proprietary fund:

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

The District also reports the following nonmajor proprietary fund:

The Internal Service Fund is used to account for the District's partially self-funded insurance plan.

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 Funds are 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 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 and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have 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 the amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

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 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	\$ 3,000
Buildings	3,000
Land improvements	3,000
Intangibles	150,000
Right-to-use leased assets	5,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	3,000

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment and the 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	5-15 years

Leases - Clarinda Community School District is the lessee for noncancellable leases 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 Clarinda Community School District determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Clarinda 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, as well as any purchase option price included in the agreement that the District would be 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 District after the measurement date but before the end of the District'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.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation or other leave for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2023. The compensated absences liability attributable to the governmental activities will be primarily paid by the General Fund.

Unearned Revenues - Unearned revenues are monies collected for lunches that have not yet been served. Patrons 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 activity's 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 inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized 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:

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

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 amended amounts budgeted in the non-instructional programs function.

(2) Cash and Pooled Investments

The District's deposits in banks 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 no such investments.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	General	\$ 54,426
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>78,617</u>
Total		<u>\$ 133,043</u>

The transfers from the General Fund and the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund were for principal and interest payments on the District's lease agreement indebtedness.

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 120,863	-	-	120,863
Construction in progress	-	721,612	-	721,612
Total capital assets not being depreciated/amortized	120,863	721,612	-	842,475
Capital assets being depreciated/amortized:				
Buildings	14,752,446	101,875	-	14,854,321
Land improvements	2,578,095	31,698	-	2,609,793
Machinery and equipment	2,255,329	88,069	-	2,343,398
Right-to-use leased asset	566,066	354,933	234,709	686,290
Total capital assets being depreciated/amortized	20,151,936	576,575	234,709	20,493,802
Less accumulated depreciation/amortization for:				
Buildings	7,524,361	264,526	-	7,788,887
Land improvements	1,687,604	75,499	-	1,763,103
Machinery and equipment	1,426,070	180,310	-	1,606,380
Right-to-use leased asset	366,461	166,550	234,709	298,302
Total accumulated depreciation/amortization	11,004,496	686,885	234,709	11,456,672
Total capital assets being depreciated/amortized, net	9,147,440	(110,310)	-	9,037,130
Governmental activities capital assets/amortized, net	\$ 9,268,303	611,302	-	9,879,605
Business type activities:				
Machinery and equipment	\$ 277,084	55,823	-	332,907
Less accumulated depreciation	168,811	19,172	-	187,983
Business type activities capital assets, net	\$ 108,273	36,651	-	144,924

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 107,073
Other	7,858
Support services:	
Instructional staff	14,560
Administration	18,796
Operation and maintenance of plant	103,081
Transportation	95,492
	<u>346,860</u>
Unallocated depreciation/amortization	<u>340,025</u>
Total governmental activities depreciation/amortization expense	<u>\$ 686,885</u>
Business type activities:	
Food service operations	<u>\$ 19,172</u>

(5) Long-Term Liabilities

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

	Restated, Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Lease agreements	\$ 220,696	354,933	125,804	449,825	207,320
Termination benefits	24,437	-	24,437	-	-
Compensated absences	14,916	18,388	14,916	18,388	18,388
Net pension liability	117,972	3,075,989	-	3,193,961	-
Total OPEB liability	844,017	21,520	-	865,537	-
Total	\$ 1,222,038	3,470,830	165,157	4,527,711	225,708
Business type activities:					
Compensated absences	\$ 484	1,413	484	1,413	1,413
Net pension liability	3,324	116,984	-	120,308	-
Total OPEB liability	42,183	1,076	-	43,259	-
Total	\$ 45,991	119,473	484	164,980	1,413

Lease Agreements

In March 2021, the District entered into a lease agreement for computers. An initial lease liability was recorded in the amount of \$127,799. The agreement requires annual payments of \$43,426 with an implicit interest rate of 1.50%. During the year ended June 30, 2023, principal and interest paid were \$41,151 and \$1,274, respectively.

In April 2021, the District entered into a lease agreement for copiers. An initial lease liability was recorded in the amount of \$56,388. The agreement requires monthly payments of approximately \$1,621 with an implicit interest rate of 2.22%. During the year ended June 30, 2023, principal and interest paid were \$18,793 and \$653, respectively.

In March 2022, the District entered into a lease agreement for computers. An initial lease liability was recorded in the amount of \$147,170. The agreement requires annual payments of \$50,532 with an implicit interest rate of 2.25%. During the year ended June 30, 2023, no principal and interest were paid.

In June 2022, the District entered into a lease agreement for modular classroom. An initial lease liability was recorded in the amount of \$127,687. The agreement requires annual payments of \$33,091 with an implicit interest rate of 3.40%. During the year ended June 30, 2023, principal and interest paid were \$56,106 and \$3,065, respectively.

In March 2023, the District entered into a lease agreement for computers. An initial lease liability was recorded in the amount of \$169,357. The agreement requires annual payments of \$57,570 with an implicit interest rate of 1.50%. During the year ended June 30, 2023, no principal and interest were paid.

In April 2023, the District entered into a lease agreement for turf tank. An initial lease liability was recorded in the amount of \$57,889. The agreement requires annual payments of \$11,000 with an implicit interest rate of 3.88%. During the year ended June 30, 2023, principal and interest paid were \$8,754 and \$2,246, respectively.

Details of the District's June 30, 2023 lease agreement indebtedness are as follows:

Year Ending June 30,	Computer Lease signed March 5, 2021			Copier Lease signed April 4, 2021			Computer Lease signed March 9, 2022		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2024	1.50 %	\$ 42,784	642	2.22 %	\$ 19,214	232	2.25 %	\$ 48,333	2,199
2025		-	-		-	-	2.25	49,420	1,112
Total		\$ 42,784	642		\$ 19,214	232		\$ 97,753	3,311

Year Ending June 30,	Modular Classroom Lease signed June 9, 2022			Computer Lease signed March 15, 2023			Turf Tank Lease signed April 27, 2023			Year Ending June 30,	Total		
	Interest			Interest			Interest				Total		
	Rate	Principal	Interest	Rate	Principal	Interest	Rate	Principal	Interest		Principal	Interest	Total
2024	3.40 %	\$ 31,140	1,951	1.50 %	\$ 56,756	814	3.88 %	\$ 9,093	1,907	2024	207,320	7,745	215,065
2025	3.40	32,215	876	1.50	55,881	1,689	3.88	9,447	1,553	2025	146,963	5,230	152,193
2026	3.40	8,226	47		56,720	851	3.88	9,813	1,187	2026	74,759	2,085	76,844
2027		-	-		-	-	3.88	10,194	806	2027	10,194	806	11,000
2028		-	-		-	-	3.88	10,589	411	2028	10,589	411	11,000
Total		\$ 71,581	2,874		\$ 169,357	3,354		\$ 49,136	5,864	Total	449,825	16,277	466,102

(6) Pension Plans

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

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

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% 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 \$714,588.

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 \$3,314,269 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 0.087722%, which was an increase of 0.052587% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$47,155. 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	\$ 146,921	45,398
Changes of assumptions	2,812	79
Net difference between projected and actual earnings on IPERS' investments	-	354,782
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	221,710	294,272
District contributions subsequent to the measurement date	714,588	-
Total	\$ 1,086,031	694,531

\$714,588 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	\$ (326,934)
2025	(267,668)
2026	(440,876)
2027	716,868
2028	(4,478)
Total	<u>\$ (323,088)</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	100.0%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 6,174,882	3,314,269	793,283

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.

(7) 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	11
Active employees	<u>142</u>
Total	<u>153</u>

Total OPEB Liability - The District's total OPEB liability of \$908,796 was measured as of June 30, 2023, and was determined by an actuarial valuation dated June 30, 2021.

Actuarial Assumptions - The total OPEB liability for the year ended June 30, 2023 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	3.86% compounded annually, including inflation.
Healthcare cost trend rate	6.70% for FY2022, decreasing to an ultimate rate of 3.70%.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.86% 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 table with projected mortality improvements based on scale MP-2017 and other adjustments.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 886,200
Changes for the year:	
Service cost	79,456
Interest	34,168
Changes in assumptions	(11,658)
Benefit payments	<u>(79,370)</u>
Net changes	<u>22,596</u>
Total OPEB liability end of year	<u>\$ 908,796</u>

Changes of assumptions reflect a change in the discount rate from 3.69% in fiscal year 2022 to 3.86% 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 (2.86%) or 1% higher (4.86%) than the current discount rate.

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total OPEB liability	\$ 979,403	908,796	843,137

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	\$ 794,753	908,796	1,046,555

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 \$82,387. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,104	164,675
Changes in assumptions	69,551	145,403
Total	\$ 120,655	310,078

The 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	\$ (31,237)
2025	(31,237)
2026	(31,237)
2027	(31,240)
2028	(29,227)
Thereafter	(35,245)
Total	\$ (189,423)

(8) Risk Management

The District is a member of the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E Organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The District obtains coverage and protection through the Association in the following categories: medical, dental, vision, LTD and life. Members agree to continue membership in the pool for a period of not less than one full year. After such a period, a member who has given 30 days prior written notice may withdraw.

The District's contributions, which included deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2023 were \$799,972.

Clarinda Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$472,708 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.

(10) 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

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Clarinda offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Clarinda	Urban Renewal and Economic Development Projects	\$ 53,699
	Chapter 404 tax abatement program	\$ 5,475

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2023, this reimbursement amounted to \$27,237.

(11) Categorical Funding

In accordance with Iowa Administrative Code 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)	\$ 104,201
Gifted and Talented Programs	29,882
Returning Dropouts and Dropout Prevention	121,086
Teacher Leadership State Aid	189,230
Four-Year-Old Preschool State Aid	111,027
Textbook Aid for Nonpublic Students	4,872
Successful Progression for Early Readers	77,635
Teacher Development Academies	4,030
Professional Development	44,564
Total	<u>\$ 686,527</u>

(12) Reconciliation of Governmental Fund Balances to Net Position

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

	Net investment in Capital Assets	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	2,704,012
Capital assets, net of accumulated depreciation/amortization	9,879,605	-
Lease agreement capitalized indebtedness	(449,825)	-
Accrued interest payable	-	(624)
Income surtax	-	107,659
Unassigned student activity balance	-	(57,320)
Internal service fund balance	-	117,144
Compensated absences	-	(18,388)
Pension related deferred outflows	-	1,054,755
Pension related deferred inflows	-	(669,319)
Net pension liability	-	(3,193,961)
Total OPEB liability	-	(865,537)
OPEB related deferred outflows	-	114,911
OPEB related deferred inflows	-	(295,318)
Net position (Exhibit A)	<u>\$ 9,429,780</u>	<u>(1,001,986)</u>

(13) Accounting Restatement

Due to changes in District policy and retirement offerings, supplemental pension liability and related deferred outflows of resources and deferred inflows of resource associated with supplemental pension have been removed from beginning net position while a liability for compensated absences has been added.

	Governmental Activities
Net position June 30, 2022, as previously reported	\$ 11,560,976
Termination benefits	(24,437)
GASB 73 supplemental pension liability	323,992
GASB 73 supplemental pension deferred outflows	(21,280)
GASB 73 supplemental pension deferred inflows	95,910
Net position July 1, 2022, as restated	<u>\$ 11,935,161</u>

Details of the restatement for long-term debt are as follows:

	Long Term Liabilities
Balances June 30, 2022, as previously reported	\$ 1,521,593
Termination benefits	24,437
GASB 73 supplemental pension liability	(323,992)
Balances July 1, 2022, as restated	<u>\$ 1,222,038</u>

(14) Prospective Accounting Change

GASB Statement No. 96, Subscription-Based Information Technology Arrangements establishes that a Subscription-Based Information Technology Arrangement (SBITA) results in a right-to-use subscription asset and a corresponding liability. Under this statement, a governmental entity generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. This statement will be effective for the year ending June 30, 2023.

(15) Deficit Balances

At June 30, 2023, the District had five deficit accounts within the Student Activity Fund with a combined deficit unassigned balance of \$57,320.

(16) Construction Commitment

As of June 30, 2023, costs of \$721,612 had been incurred for the planning of upcoming HVAC projects and the expansion of the 7-12 building. The total cost of the project will be capitalized upon completion.

(17) Budget Overexpenditure

During the year ended June 30, 2023, the District exceeded its amended certified budget in the non-instructional programs functional area.



REQUIRED SUPPLEMENTARY INFORMATION

CLARINDA 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 Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 6,216,111	261,903	6,478,014	6,179,020	6,179,020	298,994
State sources	8,523,728	5,312	8,529,040	8,293,530	8,293,530	235,510
Federal sources	708,277	553,816	1,262,093	2,494,500	2,494,500	(1,232,407)
Total revenues	15,448,116	821,031	16,269,147	16,967,050	16,967,050	(697,903)
Expenditures/Expenses:						
Instruction	9,088,758	-	9,088,758	10,237,500	10,237,500	1,148,742
Support services	4,655,757	-	4,655,757	4,779,300	4,779,300	123,543
Non-instructional programs	-	872,622	872,622	754,500	854,500	(18,122)
Other expenditures	1,559,067	-	1,559,067	2,126,498	2,126,498	567,431
Total expenditures/expenses	15,303,582	872,622	16,176,204	17,897,798	17,997,798	1,821,594
Excess (Deficiency) of revenues over (under) expenditures/expenses	144,534	(51,591)	92,943	(930,748)	(1,030,748)	1,123,691
Other financing sources, net	354,933	42,537	397,470	18,400	18,400	379,070
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	499,467	(9,054)	490,413	(912,348)	(1,012,348)	1,502,761
Balances beginning of year	6,979,202	330,639	7,309,841	5,709,035	5,709,035	1,600,806
Balances end of year	\$ 7,478,669	321,585	7,800,254	4,796,687	4,696,687	3,103,567

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARINDA 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, the District adopted one budget amendment, increasing budgeted expenditures by \$100,000.

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.087722%	0.035135%	0.081710%	0.088917%	0.084959%	0.085080%	0.081298%	0.084261%	0.085287%
District's proportionate share of the net pension liability	\$ 3,314,269	121,296	5,739,905	5,148,860	5,374,742	5,616,731	5,069,957	4,162,908	3,382,414
District's covered payroll	\$ 7,073,841	7,022,276	6,484,661	6,042,119	6,416,708	6,294,028	5,781,360	5,772,650	5,580,829
District's proportionate share of the net pension liability as a percentage of its covered payroll	46.85%	1.73%	88.52%	85.22%	83.76%	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.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 714,588	667,992	662,903	612,152	570,376	573,012	562,057	516,275	515,498	498,368
Contributions in relation to the statutorily required contribution	(714,588)	(667,992)	(662,903)	(612,152)	(570,376)	(573,012)	(562,057)	(516,275)	(515,498)	(498,368)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 7,569,783	7,073,841	7,022,276	6,484,661	6,042,119	6,416,708	6,294,028	5,781,360	5,772,650	5,580,829
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.

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

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of 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.

CLARINDA 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	\$ 79,456	107,755	92,725	79,765	77,068	74,197
Interest cost	34,168	19,060	21,671	36,408	36,948	35,753
Differences between expected and actual experiences	-	64,010	-	(288,955)	-	-
Changes in assumptions	(11,658)	(158,927)	34,305	56,898	27,772	(20,084)
Benefit payments	(79,370)	(61,251)	(49,867)	(55,729)	(62,254)	(61,718)
Net change in total OPEB liability	22,596	(29,353)	98,834	(171,613)	79,534	28,148
Total OPEB liability beginning of year	886,200	915,553	816,719	988,332	908,798	880,650
Total OPEB liability end of year	<u>\$ 908,796</u>	<u>886,200</u>	<u>915,553</u>	<u>816,719</u>	<u>988,332</u>	<u>908,798</u>
Covered-employee payroll	\$ 7,592,816	7,239,691	5,875,770	4,159,613	3,526,000	3,406,721
Total OPEB liability as a percentage of covered-employee payroll	11.97%	12.24%	15.58%	19.63%	28.03%	26.68%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARINDA 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 meets 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.

Reporting period ended June 30, 2023	3.86%
Reporting period ended June 30, 2022	3.69%
Reporting period ended June 30, 2021	1.92%
Reporting period ended June 30, 2020	2.45%
Reporting period ended June 30, 2019	3.50%
Reporting period ended June 30, 2018	3.58%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SUPPLEMENTARY INFORMATION

CLARINDA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	Special Revenue		
	Student Activity	New Market Scholarship	Total
Assets			
Cash and pooled investments	\$ 29,936	1,606	31,542
Receivables:			
Accounts	5,575	-	5,575
Total assets	\$ 35,511	1,606	37,117
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 5,297	-	5,297
Deferred inflows of resources:	-	-	-
Fund balances:			
Restricted for:			
Student activities	87,534	-	87,534
Scholarships	-	1,606	1,606
Unassigned	-	-	-
Student activities	(57,320)	-	(57,320)
Total fund balances	30,214	1,606	31,820
Total liabilities, deferred inflows of resources and fund balances	\$ 35,511	1,606	37,117

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARINDA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2023

	Special Revenue			Debt Service	Total Nonmajor
	Student Activity	New Market Scholarship	Total		
Revenues:					
Local sources:					
Other	\$ 202,126	1,631	203,757	-	203,757
Expenditures:					
Current:					
Instruction:					
Other	236,898	-	236,898	-	236,898
Support services:					
Administration	-	1,631	1,631	-	1,631
Operation and maintenance of plant	2,127	-	2,127	-	2,127
Long-term debt:					
Principal	-	-	-	125,804	125,804
Interest and fiscal charges	-	-	-	7,239	7,239
Total expenditures	239,025	1,631	240,656	133,043	373,699
Deficiency of revenues under expenditures	(36,899)	-	(36,899)	(133,043)	(169,942)
Other financing sources:					
Transfer in	-	-	-	133,043	133,043
Change in fund balances	(36,899)	-	(36,899)	-	(36,899)
Fund balances beginning of year	67,113	1,606	68,719	-	68,719
Fund balances end of year	\$ 30,214	1,606	31,820	-	31,820

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARINDA 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 Lewy	Total
Assets			
Cash and pooled investments	\$ 3,274,665	382,658	3,657,323
Receivables:			
Property tax:			
Delinquent	-	1,683	1,683
Succeeding year	-	119,526	119,526
Due from other governments	93,318	-	93,318
Total assets	\$ 3,367,983	503,867	3,871,850
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 137,043	8,545	145,588
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	119,526	119,526
Fund balances:			
Restricted for:			
School infrastructure	3,230,940	-	3,230,940
Physical plant and equipment	-	375,796	375,796
Total fund balances	3,230,940	375,796	3,606,736
Total liabilities, deferred inflows of resources and fund balances	\$ 3,367,983	503,867	3,871,850

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARINDA 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	\$ -	114,783	114,783
Other	50,494	2,646	53,140
State sources	1,321,434	42	1,321,476
Total revenues	<u>1,371,928</u>	<u>117,471</u>	<u>1,489,399</u>
Expenditures:			
Current:			
Instruction:			
Regular	20,643	-	20,643
Other	543	-	543
Support services:			
Instructional staff	65,233	-	65,233
Administration	61,578	122,056	183,634
Operation and maintenance of plant	178,721	-	178,721
Transportation	-	45,684	45,684
Capital outlay	951,816	1,500	953,316
Total expenditures	<u>1,278,534</u>	<u>169,240</u>	<u>1,447,774</u>
Excess (Deficiency) of revenues over (under) expenditures	93,394	(51,769)	41,625
Other financing sources (uses):			
Lease agreement proceeds	127,687	-	127,687
Transfer out	(78,617)	-	(78,617)
Total other financing sources (uses)	<u>49,070</u>	<u>-</u>	<u>49,070</u>
Change in fund balances	142,464	(51,769)	90,695
Fund balances beginning of year	<u>3,088,476</u>	<u>427,565</u>	<u>3,516,041</u>
Fund balances end of year	<u>\$ 3,230,940</u>	<u>375,796</u>	<u>3,606,736</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARINDA 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	Interfund/ Intrafund Transfer	Balance End of Year
Athletic Boosters	\$ -	8,677	2,000	(6,677)	-
Athletic Equipment Repairs	-	-	2,127	2,127	-
Student Activity Interest	-	24	-	(24)	-
Gate Receipts	-	55,030	-	(54,930)	100
History Club	4,017	479	3,539	-	957
Elementary Student Council	12,508	2,839	746	-	14,601
MS Yearbook	1,765	254	27	-	1,992
MS Student Council	(175)	478	556	-	(253)
Drama	(307)	3,359	6,034	-	(2,982)
X-Country	-	-	1,594	1,594	-
Golf	-	-	506	506	-
Boys Basketball	-	411	4,256	3,845	-
Football	-	2,512	5,133	2,621	-
Baseball	-	-	6,214	6,214	-
Boys Track	-	-	3,333	3,333	-
Boys Tennis	-	-	472	472	-
Wrestling	-	-	5,634	5,634	-
Girls Basketball	-	6	5,955	5,949	-
Volleyball	-	188	5,260	5,072	-
Softball	-	3,509	6,716	3,207	-
Girls Track	-	-	2,871	2,871	-
Girls Tennis	-	-	471	471	-
Bowling	-	-	67	67	-
Athletic Director	(8,625)	4,531	64,451	17,649	(50,896)
Yearbook	12,992	7,585	8,689	-	11,888
Concessions	4,314	1,907	1,598	-	4,623
Cheerleaders	(1,383)	-	1,239	-	(2,622)
Honor Society	(250)	633	950	-	(567)
Student Council	4,501	1,371	1,104	-	4,768
Show Choir	1,371	200	77	-	1,494
Thespian Club	617	3,862	1,817	-	2,662
Weightlifting Club	31	-	-	-	31
FFA Club	19,721	76,944	79,531	-	17,134
FCCLA Club	4,097	10,335	9,347	-	5,085
Sports Fundraising	7,064	5,303	-	-	12,367
Class of 2017	(76)	-	-	76	-
Class of 2020	1,445	-	1,445	-	-
Class of 2021	670	-	670	-	-
Class of 2022	620	-	620	-	-
Class of 2023	14	2,725	2,118	(621)	-
Class of 2024	99	100	58	155	296
Class of 2025	-	-	32	79	47
Class of 2026	-	-	-	155	155
Class of 2027	-	-	-	155	155
Cardinal Coffee	2,083	1,404	1,768	-	1,719
Activity Tickets	-	7,460	-	-	7,460
Total	\$ 67,113	202,126	239,025	-	30,214

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARINDA 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
Revenues:										
Local sources:										
Local tax	\$ 4,638,789	4,450,948	4,376,458	3,836,190	3,694,670	3,583,060	3,150,944	3,081,738	3,072,848	2,986,502
Tuition	1,182,025	1,102,230	1,246,792	1,463,738	1,197,893	971,074	1,302,346	1,208,026	1,477,587	1,411,933
Other	395,297	259,117	260,116	528,654	492,118	528,445	385,933	405,486	427,181	424,977
State sources	8,523,728	7,908,893	7,770,390	7,671,035	7,254,029	6,858,352	6,967,509	6,086,449	6,182,794	5,965,212
Federal sources	708,277	1,252,813	784,820	564,914	613,907	620,921	598,657	617,416	555,975	517,242
Total	\$ 15,448,116	14,974,001	14,438,576	14,064,531	13,252,617	12,561,852	12,405,389	11,399,115	11,716,385	11,305,866
Expenditures:										
Instruction:										
Regular	\$ 5,592,397	5,127,823	5,196,517	4,923,418	5,016,975	4,721,111	4,307,890	4,049,513	4,099,239	4,082,482
Special	1,915,870	1,687,896	1,815,073	1,997,048	1,965,792	1,841,980	1,417,714	1,286,302	1,599,307	1,516,699
Other	1,580,491	1,508,246	1,525,431	1,631,974	909,605	883,224	1,454,838	1,487,974	1,420,009	1,401,291
Support services:										
Student	552,774	543,216	442,160	444,245	406,449	357,775	355,012	373,167	355,893	349,173
Instructional staff	522,061	826,572	754,965	1,073,225	929,217	882,765	782,843	549,346	564,895	513,023
Administration	1,567,536	1,436,687	1,431,370	1,768,777	1,649,741	1,514,516	1,424,423	1,208,244	1,255,983	1,200,905
Operation and maintenance of plant	1,494,242	1,260,613	1,279,028	1,034,363	1,337,404	1,086,120	990,161	1,060,906	1,077,818	1,038,648
Transportation	519,144	501,452	267,694	456,759	444,865	477,188	384,575	368,413	297,658	289,587
Capital outlay	953,316	309,886	926,975	891,226	340,998	190,009	665,152	175,752	231,438	571,354
Long-term debt:										
Principal	125,804	266,585	220,352	-	-	-	-	-	-	-
Interest	7,239	5,679	6,406	-	-	-	-	-	-	-
Other expenditures:										
AEA flowthrough	472,708	453,785	456,566	441,004	423,373	411,799	404,367	381,831	382,992	367,327
Total	\$ 15,303,582	13,928,440	14,322,537	14,662,039	13,424,419	12,366,487	12,186,975	10,941,448	11,285,232	11,330,489

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARINDA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2023

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY23	\$ 85,458
National School Lunch Program	10.555	FY23	458,020 *
Summer Food Service Program for Children	10.559	FY23	10,338
Total Child Nutrition Cluster			553,816 **
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY23	146,132
Supporting Effective Instruction State Grants	84.367	FY23	30,475
Student Support and Academic Enrichment Program	84.424	FY23	12,669
Education Stabilization Fund:			
COVID-19, American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	FY23	386,416
Passed through Green Hills Area Education Agency:			
Special Education - Grants to States	84.027	FY23	47,506 ***
Career and Technical Education - Basic Grants to States	84.048	FY23	4,143
Total U.S. Department of Education			627,341
U.S. Department of Health and Human Services:			
Passed through West Central Community Action			
Head Start	93.600	FY23	32,400
Total			\$ 1,213,557

* - Includes \$57,668 of non-cash awards

** - Total for Child Nutrition Cluster is \$553,816.

*** - Total for Special Education Cluster (IDEA) is \$47,506.

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

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

Subrecipients - No federal expenditures presented in this schedule were provided to subrecipients.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

To the Board of Education of Clarinda 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 Clarinda 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 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clarinda 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 Clarinda Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Clarinda 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 II of the accompanying Schedule of Findings and Questioned Costs 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 Clarinda Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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

Clarinda Community School District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedure on Clarinda Community School District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Clarinda 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 Clarinda 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 26, 2024
Newton, Iowa

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 Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Board of Education of Clarinda Community School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Clarinda Community School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of Clarinda Community School District's major federal programs for the year ended June 30, 2023. Clarinda Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2023-002 to be a material weakness.

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

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

June 26, 2024
Newton, Iowa

CLARINDA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

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

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

CLARINDA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

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 - During the audit, we identified the following incompatible duties:

- 1) Cash - handling, recording and reconciling.
- 2) Receipts - opening mail, collecting, recording, depositing and reconciling receipts.
- 3) Disbursements - purchasing, preparing disbursements, recording and reconciling.
- 4) Accounting systems - performing general accounting functions, including journal entries and controlling all data input and output.

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, error, or misappropriations 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 procedures to obtain the maximum internal control possible under the circumstances utilizing current personnel, including elected officials.

Response and Corrective Action Planned - The working plan is for one person to deposit money, one person to enter receipts into Software, and one person to reconcile the bank statements. Accounts Payable - we have a chain of approval for requisitions - building Principal, Superintendent, Director of Finance, and Accounts Payable Clerk.

Conclusion - Response accepted.

CLARINDA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

AL Number 10.553 - School Breakfast Program
AL Number 10.555 - National School Lunch Program
AL Number 10.559 - Summer Food Service Program for Children
Pass-Through Entity Identifying Number: FY23
Federal Award Year: 2023
Prior Year Finding Number: 2022-002
U.S. Department of Agriculture
Passed through the Iowa Department of Education

2023-002 Segregation of Duties

One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted one individual has control over portions of one or more of the following areas for the District relating to major federal programs; cash, receipts, disbursements and accounting systems. See finding 2023-001.

CLARINDA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2023

Part IV: Other Findings Related to Required Statutory Reporting:

2023-A Certified Budget - Expenditures for the year ended June 30, 2023 exceeded the amended certified budget amounts in the non-instructional programs functional area.

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

Response - The budget was amended but the non-instructional line incurred more expenses than anticipated. I will work on watching the accounts for future amendments.

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 - Business transactions between the District and District officials and employees were noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Paul Boysen, Board Member Substitute Bus Driver	Services	\$3,171
Misty Wissel, Teacher Spouse owns Main Street Designs	Apparel	\$162

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

In accordance with an Attorney General's opinion dated November 9, 1976, the above transactions the spouse of a District employee do not appear to represent a conflict 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 the enrollment data certified to the Iowa Department of Education was overstated by 1.00 students.
- 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-I Supplementary Weighting - We noted the supplementary weighting data certified to the Iowa Department of Education was overstated by 0.023.
- 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 were noted.
- 2023-K Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- 2023-L Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- 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 following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2023 audit:

Beginning balance		\$ 3,088,476
Revenues:		
Sales tax revenues	\$ 1,321,434	
Sale of long-term debt	127,687	
Other local revenues	50,494	1,499,615
		<u>1,499,615</u>
Expenditures/transfers out:		
School infrastructure construction	951,816	
Other	326,718	
Transfers to other funds:		
Debt service fund	78,617	1,357,151
		<u>1,357,151</u>
Ending balance		<u>\$ 3,230,940</u>

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

2023-N Student Activity Fund - During our audit concerns arose about certain accounts within the Student Activity Fund. In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's education program. More specific examples of finding is listed below.

Inactive Accounts - We noted the Weightlifting Club account has been inactive for the past two years.

Recommendation - The District should review this account to determine if the group is still active or if the account should be closed out to other groups within the Student Activity Fund per the direction of the District's Board of Directors.

Response - This fund balance is scheduled for the June 26 Board meeting for approval of moving the balance to the Football Fund.

Conclusion - Response accepted.

2023-O Financial Condition - At June 30, 2023, the District had five deficit accounts within the Student Activity Fund with a combined deficit unassigned balance of \$57,320.

Recommendation - The District should review purchase approval procedures for the Student Activity Fund and may wish to require additional approval before ordering goods and services from these accounts. The District should develop a plan to eliminate the deficit account balances.

Response - The Superintendent and Director of Finance will work with the Activity Director on fundraising and incurring fewer expenses.

Conclusion - Response accepted.