



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

NEWS RELEASE

Contact: Ernest Ruben
515/281-5834

FOR RELEASE

March 10, 2023

Auditor of State Rob Sand today released an audit report on Clarke Community School District in Osceola, Iowa.

FINANCIAL HIGHLIGHTS:

The District's revenues totaled \$23,121,552 for the year ended June 30, 2022, a 6.7% increase over the prior year. Expenses for the District operations for the year ended June 30, 2022 totaled \$20,842,078, a less than 1% decrease from the prior year. The increase in revenues is due primarily to an increase in property tax and pandemic response grants used to help mitigate the negative effects of COVID-19 at the District.

AUDIT FINDINGS:

Sand reported two findings related to the receipt and expenditure of taxpayer funds. They are found on pages 82 through 86 of this report. The findings address expenditures exceeding budget amounts and deficit balances in one student activity account. Sand provided the District with recommendations to address each of the findings.

One of the two findings discussed above are repeated from the prior year. The Community School District's Board of Education has a fiduciary responsibility to provide oversight of the Community School District's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at [Audit Reports – Auditor of State](#).

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

Clarke Community School District



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Rob Sand
Auditor of State

February 24, 2023

Officials of the Board of Education of Clarke Community School District
Osceola Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for the Clarke Community School District for the year ended June 30, 2022. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the Clarke Community School District throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is stylized and written in a cursive-like font.

Rob Sand
Auditor of State

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Clarke Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Wendy Short	President	2023
MacKenzie O’Hair	Vice President	2023
Brian Crawford	Board Member	2023
Shawna Henry	Board Member	2023
Robin Galvez	Board Member	2025
Ben Hicks	Board Member	2025
Brad Lampe	Board Member	2025
School Officials		
Alan Dykens	Superintendent	Indefinite
April Hughes	District Secretary/Treasurer and Business Manager	Indefinite
Danielle Hainfield, Ahlers & Cooney Law, P.C.	Attorney	Indefinite



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Independent Auditor's Report

To the Board of Education of Clarke 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 Clarke Community School District, Osceola Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Clarke Community School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 13 to the financial statements, Clarke Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clarke 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 Clarke 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 Clarke 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 (Asset), the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 54 through 64 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.

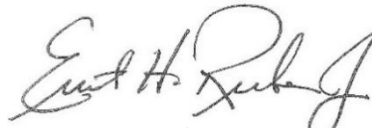
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clarke Community School District’s basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information 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 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 February 24, 2023 on our consideration of Clarke 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 Clarke Community School District’s internal control over financial reporting and compliance.



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

February 24, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Clarke Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2022. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2022 FINANCIAL HIGHLIGHTS

- The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases in accordance with the GASBS. Additionally, the beginning net position was restated to correctly report leased capital assets and liabilities.
- General Fund revenues increased from \$17,528,033 in fiscal year 2021 to \$18,283,615 in fiscal year 2022 while General Fund expenditures increased from \$17,279,993 in fiscal year 2021 to \$17,701,756 in fiscal year 2022. The District's General Fund balance increased from \$1,071,793 at the end of fiscal year 2021 to \$1,076,943 at the end of fiscal year 2022, a less than 1% increase.
- The increase in General Fund revenues was primarily attributable to an increase in local tax and state revenues and pandemic response grants. The increase in expenditures was due primarily to increases in spending for pandemic response to help mitigate the negative effects of COVID-19 at the District.

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

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Clarke Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Clarke 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 IPERS net pension liability and related contributions, the changes in the District's total supplemental pension liability and related ratios, as well as presenting the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about nonmajor governmental funds, the Student Activity Accounts and the Capital Projects Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

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 it is properly using certain revenues, such as federal grants.

The District has three 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 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 financial 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 Debt Service Fund and the Capital Projects 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. Internal Service Funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for other District programs and activities. The District currently has one Internal Service Fund, the Flex Spending Fund.

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.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Custodial Funds.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
- Custodial Funds – These are funds through which the District administers and accounts for certain federal and/or state grants as a fiscal agent.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The analysis which follows provides a summary of the District's net position at June 30, 2022 compared to June 30, 2021.

	Condensed Statement of Net Position						
	(Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	Restated						
	2022	2021	2022	2021	2022	2021	2021-2022
Current and other assets	\$ 11,321	9,684	1,163	942	12,484	10,626	1,858
Capital assets	33,297	33,672	49	57	33,346	33,729	(383)
Total assets	44,618	43,356	1,212	999	45,830	44,355	1,475
Deferred outflows of resources	1,856	2,066	41	42	1,897	2,108	(211)
Long-term liabilities	12,768	21,012	36	204	12,804	21,216	(8,412)
Other liabilities	2,106	2,017	65	84	2,171	2,101	70
Total liabilities	14,874	23,029	101	288	14,975	23,317	(8,342)
Deferred inflows of resources	13,226	6,040	151	10	13,377	6,050	7,327
Net position:							
Net investment in capital assets	22,422	22,336	49	57	22,471	22,393	78
Restricted	2,593	1,316	-	-	2,593	1,316	1,277
Unrestricted	(6,641)	(7,299)	952	686	(5,689)	(6,613)	924
Total net position	\$ 18,374	16,353	1,001	743	19,375	17,096	2,279

The District's total net position increased 13.3%, or approximately \$2,279,000, over the prior year. One portion of the District's net position is net investment in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased less than 1.0%, or approximately \$78,000, over the prior year primarily due to the elementary and high school building renovations completed during the fiscal year.

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 approximately \$1,277,000, or 97.0%, over the prior year. The increase in restricted net position is due to a decrease in capital project expenditures during fiscal year 2022, due to major renovation projects completed during the fiscal year 2021, while statewide sales, services and use tax revenue increased compared to the prior year.

Unrestricted net position – the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$924,000, or 14.0%.

The analysis which follows shows the change in net position for the year ended June 30, 2022 compared to the year ended June 30, 2021.

	Change in Net Position						
	(Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2021		June 30, 2021		June 30, 2021		June 30, 2021-2022
	2022	Not Restated	2022	2021	2022	2021	2021-2022
Revenues:							
Program revenues:							
Charges for service	\$ 752	745	70	66	822	811	11
Operating grants, contributions and restricted interest	4,150	3,269	879	789	5,029	4,058	971
General revenues:							
Property tax	6,147	6,029	-	-	6,147	6,029	118
Statewide sales, services and use tax	1,706	1,438	-	-	1,706	1,438	268
Income surtax	321	332	-	-	321	332	(11)
Unrestricted state grants	9,009	8,899	-	-	9,009	8,899	110
Unrestricted investment earnings	16	6	5	2	21	8	13
Other	66	88	-	-	66	88	(22)
Total revenues	22,167	20,806	954	857	23,121	21,663	1,458
Program expenses:							
Governmental activities:							
Instruction	13,173	13,129	-	-	13,173	13,129	44
Support services	4,908	5,338	-	-	4,908	5,338	(430)
Non-instructional programs	30	25	696	679	726	704	22
Other expenses	2,035	1,731	-	-	2,035	1,731	304
Total expenses	20,146	20,223	696	679	20,842	20,902	(60)
Change in net position	2,021	583	258	178	2,279	761	1,518
Net position beginning of year, as restated	16,353	15,547	743	565	17,096	16,112	984
Net position end of year	\$ 18,374	16,130	1,001	743	19,375	16,873	2,502

In fiscal year 2022, property tax and unrestricted state grants accounted for 68.4% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 99.5% of business type activities revenue. The District's total revenues were approximately \$23.1 million, of which approximately \$22.2 million was for governmental activities and approximately \$0.9 million was for business type activities.

As shown in the analysis, the District as a whole experienced a 6.7% increase in revenues and a less than 1% decrease in expenses. The increase in revenues is due primarily to the receipt of Federal Elementary and Secondary Emergency Relief (ESSER) grant funds.

Governmental Activities

Revenues for governmental activities were \$22,167,683 and expenses were \$20,146,305 for the year ended June 30, 2022.

The following table presents the total and net cost of the District’s major governmental activities, instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2022 compared to the year ended June 30, 2021.

Total and Net Cost of Governmental Activities (Expressed in Thousands)				
	Total Cost of Services		Net Cost of Services	
	June 30		June 30	
	2022	2021	2022	2021
Instruction	\$ 13,173	13,129	9,851	10,055
Support services	4,908	5,338	4,004	5,070
Non-instructional programs	30	25	30	25
Other expenses	2,035	1,731	1,360	1,059
Total	<u>\$ 20,146</u>	<u>20,223</u>	<u>15,245</u>	<u>16,209</u>

- The cost financed by users of the District’s programs was \$752,150.
- Federal and state governments subsidized certain operating programs with grants and contributions totaling \$4,149,545.
- The net cost of governmental activities was financed with \$6,147,245 of property tax and \$9,008,990 of unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2022 were \$953,869, an 11.3% increase over the prior year, and expenses totaled \$695,773, a 2.5% increase over the prior year. The District’s business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$3,051,681, a 67.5% increase over last year’s ending fund balance of \$1,821,926.

Governmental Fund Highlights

- The General Fund balance increased from \$1,071,793 at June 30, 2021 to \$1,076,943 at June 30, 2022. Revenue increased 4.3% primarily due to an increase in pandemic related grant funds, while expenditures increased 2.4%. Additionally, local sources other revenue decreased due to completion of a grant program which occurred for only fiscal year 2021.

- The Special Revenue, Management Levy Fund balance decreased from \$451,337 at June 30, 2021 to \$120,665 at June 30, 2022. Revenues increased approximately \$200,000 due to the District implementing a management tax levy in fiscal year 2022 which they did not have in fiscal year 2021. However, the fund balance decreased due to the District utilizing existing funds to pay fiscal year 2022 expenditures.
- The Debt Service Fund balance increased from \$42,770 at June 30, 2021 to \$63,843 at June 30, 2022. Revenue decreased \$14,000 or 1.5%, primarily due to a decrease in property tax. Expenditures decreased \$16,132 or 1.5%, primarily due to a decrease in principal payments on the lease purchase agreement debt in fiscal year 2022.
- The Capital Projects Fund balance increased from \$189,579 at June 30, 2021 to \$1,694,064 at June 30, 2022. Expenditures decreased approximately \$3.6 million from the prior year due to completion of the renovation to the elementary and high school building and repaving project for middle school/high school.

Proprietary Fund Highlights

School Nutrition Fund net position increased from \$742,981 at June 30, 2021 to \$1,001,077 at June 30, 2022, an increase of 34.7%. Federal sources of revenue increased \$90,910 or 11.6%, primarily due to the receipt of Child Nutrition funding.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Custodial Funds. This is referred to as the certified budget. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's certified budget is prepared on a GAAP basis. Over the course of the year Clarke Community School District amended its budget one time to reflect additional expenditures associated with pandemic preparedness activity.

The District's total revenues were \$706,047 more than budgeted revenues, a variance of 3.2%. The variance primarily resulted from the District receiving more revenue from Federal sources for Child Nutrition and pandemic funding than originally anticipated.

Total expenditures were \$1,892,750 less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, expenditures in the instruction functional areas exceeded the amount budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had invested approximately \$33.3 million, net of accumulated depreciation, in a broad range of capital assets, including the current year remodeling at the elementary school and high school and repaving project. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Total depreciation expense for the year was \$1,518,860.

The original cost of the District’s capital assets was approximately \$47.8 million. Governmental funds account for approximately \$47.5 million of the District’s capital assets, with the remaining \$.3 million accounted for in the Enterprise, School Nutrition Fund.

	Capital Assets, net of Depreciation							
	(expressed in thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change	
	June 30, 2021		June 30, 2021		June 30, 2021		June 30,	
2022	(As Restated)	2022	2021	2022	(As Restated)			
Land	\$ 238	238	-	-	238	238	-	0.0%
Construction in progress	598	-	-	-	598	-	598	100.0%
Buildings	27,805	28,427	-	-	27,805	28,427	(622)	-2.2%
Improvements other than buildings	3,987	3,889	-	-	3,987	3,889	98	2.5%
Furniture and equipment	634	899	49	57	683	956	(273)	-28.6%
Right-to-use leased equipment	35	223	-	-	35	223	(188)	-84.3%
Total	\$ 33,297	33,676	49	57	33,346	33,733	(387)	-1.1%

Long-Term Debt

At June 30, 2022, the District had approximately \$10,875,000 of total long-term debt outstanding, a decrease of 6.0%. Additional information about the District’s long-term liabilities is presented in Note 5 to the financial statements.

	Outstanding Long-Term Liabilities			
	(expressed in thousands)			
	Total District		Total Change	
	June 30,		June 30,	
	2022	2021	2021-2022	
General obligation bonds	\$ 10,840	11,340	-4.4%	
Lease agreements	35	223	-84.3%	
Total	\$ 10,875	11,563	-6.0%	

ECONOMIC FACTORS BEARING ON THE DISTRICT’S FUTURE

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

- Local option sales and services tax revenues have a significant impact on building improvements.
- Under Iowa’s school funding formula, District funding is highly dependent upon District enrollment. Projections indicate the District will decrease and class size evaluations will continue to be monitored in 2022-23 and 2023-2024.
- Grants are sought to help with educational improvements in the District.
- The District will start participating again in the Instructional Support Program in 2022-2023.
- The District will start participating in the Dropout Prevention program in 2022-2023.
- The one to one iPad and Chromebook initiatives continue in the District for students with creating a replacement plan that will fit into the future budget.
- Building and grounds improvements are continually being done to keep facilities in good condition. A full 5 year plan will track what improvements are a priority and how the projects fit into the timeline.

- Construction projects from the general obligation bond issuance were projects completed in June 2021.
- Several new homes are being constructed in and near Osceola.
- Walking trails and new sidewalks for safe walking routes to school are being constructed in Osceola.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Alan Dykens, Superintendent, or April Hughes, Business Manager, Clarke Community School District, 802 N. Jackson Street, Osceola, Iowa 50213.

Clarke Community School District

Basic Financial Statements

Exhibit A

Clarke Community School District

Statement of Net Position

June 30, 2022

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 4,279,493	1,146,150	5,425,643
Cash held by health plan trustee	68,964	-	68,964
Receivables:			
Property tax:			
Delinquent	77,528	-	77,528
Succeeding year	5,798,000	-	5,798,000
Accounts	21,182	2,977	24,159
Due from other governments	987,247	1,863	989,110
Inventories	-	7,549	7,549
Prepaid items	88,815	4,305	93,120
Capital assets not being depreciated	836,311	-	836,311
Capital assets, net of accumulated depreciation/amortization	32,460,835	49,147	32,509,982
Total assets	44,618,375	1,211,991	45,830,366
Deferred Outflows of Resources			
Pension related deferred outflows	1,440,613	28,143	1,468,756
OPEB related deferred outflows	414,961	12,834	427,795
Total deferred outflows of resources	1,855,574	40,977	1,896,551
Liabilities			
Accounts payable	41,921	-	41,921
Salaries and benefits payable	1,663,845	48,276	1,712,121
Due to other governments	371,040	-	371,040
Accrued interest payable	29,588	-	29,588
Unearned revenue	-	17,104	17,104
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	520,000	-	520,000
Lease agreement	35,282	-	35,282
Compensated absences	43,945	-	43,945
Total OPEB liability	35,953	-	35,953
Portion due after one year:			
General obligation bonds	10,320,000	-	10,320,000
Total OPEB liability	641,702	20,958	662,660
Net pension liability	1,170,732	14,494	1,185,226
Total liabilities	14,874,008	100,832	14,974,840
Deferred Inflows of Resources			
Unavailable property tax revenue	5,798,000	-	5,798,000
Pension related deferred inflows	7,225,325	144,796	7,370,121
OPEB related deferred inflows	202,516	6,263	208,779
Total deferred inflows of resources	13,225,841	151,059	13,376,900

Clarke Community School District

Statement of Net Position

June 30, 2022

	Governmental Activities	Business Type Activities	Total
Net position			
Net investment in capital assets	22,421,864	49,147	22,471,011
Restricted for:			
Categorical funding	459,933	-	459,933
Debt service	34,255	-	34,255
Physical plant and equipment levy	654,812	-	654,812
School infrastructure	1,347,877	-	1,347,877
Student activities	96,166	-	96,166
Unrestricted	(6,640,807)	951,930	(5,688,877)
Total net position	\$ 18,374,100	1,001,077	19,375,177

See notes to financial statements.

Clarke Community School District

Statement of Activities

Year ended June 30, 2022

	Program Revenues		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest
Functions/Programs:			
Governmental activities:			
Instruction:			
Regular instruction	\$ 8,043,928	332,476	1,578,179
Special instruction	2,522,879	146,914	227,154
Other instruction	2,605,658	266,167	770,979
	<u>13,172,465</u>	<u>745,557</u>	<u>2,576,312</u>
Support services:			
Student	666,369	-	58,599
Instructional staff	349,372	48	17,474
Administration	1,620,499	6,020	109,635
Operation and maintenance of plant	1,538,583	525	597,706
Transportation	733,656	-	114,756
	<u>4,908,479</u>	<u>6,593</u>	<u>898,170</u>
Non-instructional programs	30,308	-	-
Other expenditures:			
Long-term debt interest	392,440	-	-
AEA flowthrough	675,063	-	675,063
Depreciation (unallocated)*	967,550	-	-
	<u>2,035,053</u>	<u>-</u>	<u>675,063</u>
Total governmental activities	20,146,305	752,150	4,149,545
Business type activities:			
Non-instructional programs:			
Food service operations	695,773	70,491	878,516
Total	<u>\$ 20,842,078</u>	<u>822,641</u>	<u>5,028,061</u>
General Revenues:			
Property tax levied for:			
General purposes			
Debt service			
Capital outlay			
Statewide sales, services and use tax			
Income surtax			
Unrestricted state grants			
Unrestricted investment earnings			
Gain from disposition of capital assets			
Other			
Total general revenues			
Change in net position			
Net position beginning of year, as restated			
Net position end of year			

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
(6,133,273)	-	(6,133,273)
(2,148,811)	-	(2,148,811)
(1,568,512)	-	(1,568,512)
(9,850,596)	-	(9,850,596)
(607,770)	-	(607,770)
(331,850)	-	(331,850)
(1,504,844)	-	(1,504,844)
(940,352)	-	(940,352)
(618,900)	-	(618,900)
(4,003,716)	-	(4,003,716)
(30,308)	-	(30,308)
(392,440)	-	(392,440)
-	-	-
(967,550)	-	(967,550)
(1,359,990)	-	(1,359,990)
(15,244,610)	-	(15,244,610)
-	253,234	253,234
(15,244,610)	253,234	(14,991,376)
\$ 4,893,069	-	4,893,069
893,978	-	893,978
360,198	-	360,198
1,706,077	-	1,706,077
320,528	-	320,528
9,008,990	-	9,008,990
16,455	4,862	21,317
9,050	-	9,050
57,643	-	57,643
17,265,988	4,862	17,270,850
2,021,378	258,096	2,279,474
16,352,722	742,981	17,095,703
\$ 18,374,100	1,001,077	19,375,177

Exhibit C

Clarke Community School District

Balance Sheet
Governmental Funds

June 30, 2022

	Special Revenue				Nonmajor	Total
	General	Management Levy	Debt Service	Capital Projects	Student Activities	
Assets						
Cash, cash equivalents and pooled investments	\$ 2,428,077	113,536	52,957	1,570,173	85,017	4,249,760
Cash held by health plan trustee	68,964	-	-	-	-	68,964
Receivables:						
Property tax:						
Delinquent	59,710	2,546	10,886	4,386	-	77,528
Succeeding year	4,117,000	720,000	805,000	156,000	-	5,798,000
Accounts	8,202	-	-	-	12,980	21,182
Due from other governments	559,117	-	-	428,130	-	987,247
Prepaid insurance	84,232	4,583	-	-	-	88,815
Total assets	\$ 7,325,302	840,665	868,843	2,158,689	97,997	11,291,496
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 40,116	-	-	-	1,805	41,921
Salaries and benefits payable	1,663,819	-	-	-	26	1,663,845
Due to other governments	371,040	-	-	-	-	371,040
Total liabilities	2,074,975	-	-	-	1,831	2,076,806
Deferred inflows of resources:						
Unavailable revenues:						
Succeeding year property tax	4,117,000	720,000	805,000	156,000	-	5,798,000
Other	56,384	-	-	308,625	-	365,009
Total deferred inflows of resources	4,173,384	720,000	805,000	464,625	-	6,163,009
Fund balances:						
Nonspendable:						
Prepaid insurance	84,232	4,583	-	-	-	88,815
Restricted for:						
Categorical funding	459,933	-	-	-	-	459,933
Management levy purposes	-	116,082	-	-	-	116,082
Debt service	-	-	63,843	-	-	63,843
Student activities	-	-	-	-	96,166	96,166
School infrastructure	-	-	-	1,347,877	-	1,347,877
Physical plant and equipment	-	-	-	346,187	-	346,187
Unassigned	532,778	-	-	-	-	532,778
Total fund balances	1,076,943	120,665	63,843	1,694,064	96,166	3,051,681
Total liabilities, deferred inflows of resources and fund balances	\$ 7,325,302	840,665	868,843	2,158,689	97,997	11,291,496

See notes to financial statements.

Clarke Community School District

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

June 30, 2022

Total fund balances of governmental funds (page 22) \$ 3,051,681

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. 33,297,146

The Internal Service Fund is used by management to charge the costs of the District's flexible benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 29,733

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 365,009

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. (29,588)

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	\$ 1,855,574	
Deferred inflows of resources	<u>(7,427,841)</u>	(5,572,267)

Long-term liabilities, including bonds payable, lease payable, compensated absences payable, total OPEB liability and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds. (12,767,614)

Net position of governmental activities (page 19) \$ 18,374,100

See notes to financial statements.

Clarke Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2022

	Special Revenue			Nonmajor		Total
	General	Management Levy	Debt Service	Capital Projects	Student Activities	
Revenues:						
Local sources:						
Local tax	\$ 4,692,999	200,070	893,978	690,203	-	6,477,250
Tuition	286,432	-	-	-	-	286,432
Other	130,510	846	1,457	15,877	287,261	435,951
State sources	11,187,819	4,599	19,663	1,713,994	-	12,926,075
Federal sources	1,985,855	-	-	-	-	1,985,855
Total revenues	18,283,615	205,515	915,098	2,420,074	287,261	22,111,563
Expenditures:						
Current:						
Instruction:						
Regular	8,292,986	162,667	-	-	-	8,455,653
Special	2,420,819	12,197	-	-	-	2,433,016
Other	2,229,838	4,321	-	-	271,365	2,505,524
Total instruction	12,943,643	179,185	-	-	271,365	13,394,193
Support services:						
Student	514,156	1,879	-	-	-	516,035
Instructional staff	372,548	22,578	-	31,322	-	426,448
Administration	1,396,145	100,914	-	141,074	-	1,638,133
Operation and maintenance of plant	1,191,912	118,478	-	62,781	-	1,373,171
Transportation	608,289	82,845	-	-	4,067	695,201
Total support services	4,083,050	326,694	-	235,177	4,067	4,648,988
Non-instructional programs	-	30,308	-	-	-	30,308
Other expenditures:						
Facilities acquisition	-	-	-	1,060,709	-	1,060,709
Long-term debt:						
Principal	-	-	687,572	-	-	687,572
Interest and other charges	-	-	394,025	-	-	394,025
AEA flowthrough	675,063	-	-	-	-	675,063
Total other expenditures	675,063	-	1,081,597	1,060,709	-	2,817,369
Total expenditures	17,701,756	536,187	1,081,597	1,295,886	275,432	20,890,858
Excess (deficiency) of revenues over (under) expenditures	581,859	(330,672)	(166,499)	1,124,188	11,829	1,220,705
Other financing sources (uses):						
Sale of capital assets	9,050	-	-	-	-	9,050
Transfers in	-	-	187,572	567,869	17,890	773,331
Transfers out	(585,759)	-	-	(187,572)	-	(773,331)
Total other financing sources (uses)	(576,709)	-	187,572	380,297	17,890	9,050
Change in fund balances	5,150	(330,672)	21,073	1,504,485	29,719	1,229,755
Fund balances beginning of year	1,071,793	451,337	42,770	189,579	66,447	1,821,926
Fund balances end of year	\$ 1,076,943	120,665	63,843	1,694,064	96,166	3,051,681

See notes to financial statements.

Clarke Community School District

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2022

Change in fund balances - total governmental funds (page 24) \$ 1,229,755

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. These costs are not reported in the Statement of Activities, but they are allocated over the estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 1,139,999	
Depreciation expense	<u>(1,514,806)</u>	(374,807)

Because some revenues will not be collected for several months after the year end, they are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds, as follows:

Income surtax	(9,477)	
Other	<u>56,384</u>	46,907

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. 683,518

The current year District share of IPERS contributions is reported as expenditures in the governmental funds, but is reported as a deferred outflow of resources in the Statement of Net Position. 921,663

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

Compensated absences	(11,165)	
OPEB expense	(233,963)	
Pension expense	599,815	
Net supplemental pension liability	(842,996)	
Interest on long-term debt	<u>1,585</u>	(486,724)

The Internal Service Fund is used by management to charge the costs of partial self funding of the District's flexible benefit plan to individual funds. The change in net position of the Internal Service Fund is reported in governmental activities. 1,066

Change in net position of governmental activities (page 21) \$ 2,021,378

See notes to financial statements.

Clarke Community School District

Statement of Net Position
Proprietary Funds

June 30, 2022

	Business Type Activities	Governmental Activities
	Enterprise - School Nutrition	Internal Service - Flex Spending
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,146,150	\$ 29,733
Accounts receivable	2,977	-
Due from other governments	1,863	-
Inventories	7,549	-
Prepaid items	4,305	-
Total current assets	1,162,844	29,733
Noncurrent assets:		
Capital assets, net of accumulated depreciation	49,147	-
Total assets	1,211,991	29,733
Deferred Outflows of Resources		
Pension related deferred outflows	28,143	-
OPEB related deferred outflows	12,834	-
Total deferred outflows of resources	40,977	-
Liabilities		
Current liabilities:		
Salaries and benefits payable	48,276	-
Unearned student meals	17,104	-
Total current liabilities	65,380	-
Noncurrent liabilities:		
Total OPEB liability	20,958	-
Net pension liability	14,494	-
Total noncurrent liabilities	35,452	-
Total liabilities	100,832	-
Deferred inflows of resources		
Pension related deferred inflows	144,796	-
OPEB related deferred inflows	6,263	-
Total deferred inflows of resources	151,059	-
Net Position		
Net investment in capital assets	49,147	-
Unrestricted	951,930	29,733
Total net position	\$ 1,001,077	\$ 29,733

See notes to financial statements.

Clarke Community School District

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds

Year ended June 30, 2022

	Business Type Activities	Governmental Activities
	Enterprise - School Nutrition	Internal Service - Flex Spending
Operating revenues:		
Local sources:		
Charges for service	\$ 70,491	\$ -
Employee contributions	-	25,053
Total operating revenues	70,491	25,053
Operating expenses:		
Non-instructional programs:		
Food service operations:		
Salaries	205,412	-
Benefits	41,530	-
Purchased services	3,029	-
Supplies	437,527	-
Depreciation	8,275	-
Other	-	24,150
Total operating expenses	695,773	24,150
Operating income (loss)	(625,282)	903
Non-operating revenues:		
State sources	5,359	-
Federal sources	873,157	-
Interest income	4,862	163
Total non-operating revenues	883,378	163
Increase in net position	258,096	1,066
Net position beginning of year	742,981	28,667
Net position end of year	\$ 1,001,077	\$ 29,733

See notes to financial statements.

Exhibit I

Clarke Community School District

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2022

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	Enterprise - School Nutrition	Internal Service - Flex Spending
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 64,268	\$ -
Cash received from miscellaneous operating activities	-	25,053
Cash paid for salaries and to suppliers for goods or services	<u>(679,981)</u>	<u>(24,150)</u>
Net cash provided (used) by operating activities	<u>(615,713)</u>	<u>903</u>
Cash flows from non-capital financing activities:		
State grants received	5,359	-
Federal grants received	<u>820,916</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>826,275</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>4,862</u>	<u>163</u>
Change in cash and cash equivalents	215,424	1,066
Cash and cash equivalents beginning of year	<u>930,726</u>	<u>28,667</u>
Cash and cash equivalents end of year	<u>\$ 1,146,150</u>	<u>\$ 29,733</u>

Clarke Community School District

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2022

	Business Type Activities	Governmental Activities
	Enterprise - School Nutrition	Internal Service - Flex Spending
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (625,282)	\$ 903
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Commodities used	51,776	-
Depreciation	8,275	-
Change in assets and liabilities:		
Accounts receivable	311	-
Inventories	(1,478)	-
Prepaid insurance	(4,305)	-
Deferred outflows of resources	624	-
Salaries and benefits payable	(11,979)	-
Total OPEB liability	14,197	-
Unearned student meals	(6,534)	-
IPERS net pension liability	(182,815)	-
Deferred inflows of resources	141,497	-
Net cash provided (used) by operating activities	<u>\$ (615,713)</u>	<u>\$ 903</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2022, the District received \$51,776 of federal commodities.

See notes to financial statements.

Exhibit J

Clarke Community School District
Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2022

	<u>Private Purpose Trust</u>	<u>Custodial Funds</u>
	<u>Scholarship</u>	
Assets		
Cash and investments	\$ 40,142	\$ 62,114
Net Position		
Restricted for:		
Reserved for scholarships	40,142	-
Other governments	-	62,114
Total net position	<u>\$ 40,142</u>	<u>\$ 62,114</u>

See notes to financial statements.

Clarke Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year ended June 30, 2022

	Private Purpose Trust	Custodial Funds
	Scholarship	Funds
Additions:		
Local sources:		
Interest income, net of decrease in fair value	\$ 2,025	\$ 440
Other	29,209	20,683
Total additions	31,234	21,123
Deductions:		
Support services:		
Student	51,257	-
Scholarships awarded	698	-
Recipient payments	-	35,791
Total deductions	51,955	35,791
Change in net position	(20,721)	(14,668)
Net position beginning of year	60,863	76,782
Net position end of year	\$ 40,142	\$ 62,114

See notes to financial statements.

Clarke Community School District

Notes to Financial Statements

Year ended June 30, 2022

(1) Summary of Significant Accounting Policies

Clarke Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Osceola, Iowa, and the predominate agricultural territory in Clarke 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 Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Clarke 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. Clarke Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does 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 Clarke County Assessor's Conference Board.

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 and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following major proprietary fund:

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

Additionally, the District reports a nonmajor proprietary fund. The Internal Service, Flex Spending Fund is utilized to account for employee flexible benefits.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Custodial Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments.

C. Measurement Focus and Basis of Accounting

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

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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District 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 year are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for the Enterprise Fund 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 Balance/Net Position

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

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 1.5% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2021.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

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, furniture 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	\$ 500
Buildings	500
Improvements other than buildings	5,000
Intangibles:	
School Nutrition Fund	500
Other	50,000
Right-to-use leased assets	5,000
Furniture and Equipment:	
School Nutrition Fund	500
Other	5,000

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 (In Years)
Buildings	50
Improvements other than buildings	50
Intangibles	5 - 10
Right-to-use leased assets	4 - 12
Furniture and equipment	4 - 12

Leases – District as Lessee: Clarke Community School District is the lessee for a noncancellable lease of equipment. The District has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes 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 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 Clarke Community School District determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

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

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

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense 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 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, 2022. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Clark Community School 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 and business-type activities will be paid primarily by the General Fund and the Enterprise, School Nutrition Fund.

Deferred Inflows of Resources – Deferred inflows of resources represents 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, income surtax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized 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, the unamortized portion of the net difference between projected and actual earnings on pension plan assets that will not be recognized until the year for which it is levied and unrecognized items not yet charged to pension and OPEB expense and the unrecognized portion of the net difference between projected and actual earnings on pension plan assets.

Fund Balance – 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 are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Flex Spending Fund is designated for future employee health care costs of the District.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022, expenditures exceeded the amount budgeted in the instruction function.

(2) **Cash, Cash Equivalents and Pooled Investments**

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

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

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2022, the District had the following investment:

<u>Investment</u>	<u>Fair Value</u>
Alliant Energy Corporation Common stock	<u>\$ 22,975</u>

The District uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the Alliant Energy Corporation Common Stock of \$22,975 was determined using the closing share price on June 30, 2022. (Level 1 input)

(3) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Physical Plant and Equipment Levy	<u>\$ 187,572</u>
Capital Projects: Statewide Sales, Services and Use Tax	General	25,675
Capital Project	General	<u>542,194</u>
		<u>567,869</u>
Special Revenue: Student Activities	General	<u>17,890</u>
		<u>\$ 773,331</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

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

	Restated, Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 238,022	-	-	238,022
Construction in progress	-	598,289	-	598,289
Total capital assets not being depreciated	238,022	598,289	-	836,311
Capital assets being depreciated:				
Buildings	36,308,011	91,250	-	36,399,261
Improvements other than buildings	5,558,223	351,505	-	5,909,728
Furniture and equipment	4,063,374	98,955	(52,890)	4,109,439
Right-to-use leased equipment	218,800	-	-	218,800
Total capital assets being depreciated	46,148,408	541,710	(52,890)	46,637,228
Less accumulated depreciation for:				
Buildings	7,881,109	713,188	-	8,594,297
Improvements other than buildings	1,668,853	254,362	-	1,923,215
Furniture and equipment	3,164,515	363,738	(52,890)	3,475,363
Right-to-use leased equipment	-	183,518	-	183,518
Total accumulated depreciation	12,714,477	1,514,806	(52,890)	14,176,393
Total capital assets being depreciated, net	33,433,931	(973,096)	-	32,460,835
Governmental activities capital assets, net	\$ 33,671,953	(374,807)	-	33,297,146
Business type activities:				
Furniture and equipment	\$ 340,398	-	-	340,398
Less accumulated depreciation	282,976	8,275	-	291,251
Business type activities capital assets, net	\$ 57,422	(8,275)	-	49,147

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular instruction	\$ 64,799
Other instruction	34,124

Support services:

Student	183,518
Administration	71,255
Operation and maintenance of plant	79,574
Transportation	113,986

Unallocated

Total depreciation expense - governmental activities	\$ 1,514,806
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Business type activities:

Food service operations	\$ 8,275
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(5) Long-Term Liabilities

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

	Balance Beginning of Year, as restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 11,340,000	-	500,000	10,840,000	520,000
Lease agreements	218,800	-	183,518	35,282	35,282
Compensated absences	32,780	43,922	32,757	43,945	43,945
Total OPEB liability	218,599	495,009	35,953	677,655	35,953
Net pension liability	9,201,426	550,009	8,580,703	1,170,732	-
Total	\$ 21,011,605	1,088,940	9,332,931	12,767,614	635,180
Business type activities:					
Total OPEB liability	\$ 6,761	14,197	-	20,958	-
Net pension liability	197,309	-	182,815	14,494	-
Total	\$ 204,070	14,197	182,815	35,452	-

General Obligation Bonds

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

Year Ending June 30,	Middle School/High School Additions and Repairs Elementary School Repairs and Bus Barn Issued Nov 1, 2018			
	Interest Rates	Principal	Interest	Total
2023	4.00%	\$ 520,000	373,425	893,425
2024	4.00	540,000	352,625	892,625
2025	4.00	560,000	331,025	891,025
2026	3.00	585,000	308,625	893,625
2027	3.00	600,000	291,075	891,075
2028-2032	3.00-3.30	3,300,000	1,170,695	4,470,695
2033-2037	3.40-3.70	3,875,000	588,350	4,463,350
2038	3.70	860,000	31,820	891,820
Total		\$ 10,840,000	3,447,640	14,287,640

On November 1, 2018 the District issued \$13,000,000 of general obligation school bonds, series 2018, to furnish and equip additions to the middle school/high school building, to remodel, repair and improve the existing elementary and middle school/high school buildings, including site improvements and to build, furnish and equip a bus barn, including land acquisition and site improvements. During the year ended June 30, 2022, the District paid principal and interest of \$500,000 and \$393,425, respectively, on the general obligation bonds.

Lease Agreements

On September 9, 2019, the District entered into a lease agreement with Vantage Financial, LLC for 1,600 Chromebooks. The agreement requires monthly payments \$15,631 over 36 months with an implicit rate of 3.0% and final payment due August 2023. During the year ended June 30, 2022, principal and interest paid were \$183,518 and \$4,054, respectively.

Details of the District’s lease purchase agreements are as follows:

Year Ending June 30,	Lease			
	Interest Rates	Sep 9, 2019		
		Principal	Interest	Total
2023	3.00%	\$ 35,282	148	35,430

(6) Pension Plans

Pension Plan Total Information	Supplemental		
	IPERS	Pension	Total
Net pension liability	\$ 168,525	1,016,701	1,185,226
Deferred outflows of resources related to pensions	1,269,360	199,396	1,468,756
Deferred inflows of resources related to pensions	6,627,468	742,653	7,370,121
Pension expense	613,113	512,918	1,126,031

Iowa Public Employees Retirement System

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 PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District’s contributions to IPERS for the year ended June 30, 2022 totaled \$942,097.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the District reported a liability of \$168,525 for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021 and the total pension liability used to calculate the overall plan net pension asset was determined by an actuarial valuation as of that date. The District’s proportion of the overall plan net pension asset was based on the District’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the District’s collective proportion was (0.048816)%, which was a decrease of 0.177120% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$613,113. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 128,224	128,745
Changes of assumptions	110,230	-
Net difference between projected and actual earnings on IPERS' investments	-	6,105,957
Changes in proportion and differences between District contributions and proportionate share of contributions	88,809	392,766
District contributions subsequent to the measurement date	942,097	-
Total	\$ 1,269,360	6,627,468

\$942,097 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2023	\$ (1,546,436)
2024	(1,562,362)
2025	(1,466,680)
2026	(1,721,888)
2027	(2,839)
Total	<u>\$ (6,300,205)</u>

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

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

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 5,964,673	168,525	(4,689,014)

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.

Payables to IPERS – All legally required District contributions and legally required employee contributions which had been withheld from employee wages were remitted by the District to IPERS by June 30, 2022.

Supplemental Pension Plan

Plan Description – The District administers a single-employer benefit plan which offers a supplemental pension (early retirement incentive) for all eligible employees who attain age 55 with 15 or more years of service, submit an application to the Superintendent, receive Board approval and retire by June 30 of the same year. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

Supplemental Pension Benefits – The supplemental pension benefit is defined as:

- 50% of the value of the employee’s unused accumulated sick leave using the current salary per day x 50% of accumulated sick days, not to exceed 100 days, plus,
- 5% of the current salary times years of service over 15 years.

The maximum benefit is the lesser of the calculated benefit or \$40,000.

Retired participants must be age 55 or older at retirement. At June 30, 2022, the following employees were covered by the benefit terms:

Active employees	196
------------------	-----

Funding Policy – Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits. The District makes the contributions from the Special Revenue, Management Levy Fund.

Total Pension Liability – The District’s total supplemental pension liability of \$1,016,701 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

Pension Expense and Deferred Outflows of Resources Related to the Supplemental Pension – For the year ended June 30, 2022, the District recognized pension expense of \$512,918. At June 30, 2022, the District reported deferred outflows of resources related to the supplemental pension from the following resources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	681,748
Change in assumptions	199,396	60,905
Total	<u>\$ 199,396</u>	<u>742,653</u>

The amount reported as deferred outflows of resources related to the supplemental pension will be recognized as pension expense as follows:

Year ending June 30,	Amount
2023	\$ (37,090)
2024	(37,090)
2025	(37,090)
2026	(37,090)
2027	(37,090)
Thereafter	<u>(357,807)</u>
	<u>\$ (543,257)</u>

There were no non-employer contributing entries to the supplemental pension plan.

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

Rate of salary (effective June 30, 2018)	3.25% per annum.
Discount rate (effective June 30, 2022)	3.69% compounded annually, net of investment expense, including inflation.

Discount Rate – The discount rate used to measure the total pension liability was 3.69% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 mortality tables with projected mortality improvements based on scale MP-2017.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Changes in the Total Supplemental Pension Liability

	<u>Total OPEB Liability</u>
Total supplemental pension liability beginning of year	\$ 801,674
Changes for the year:	
Service cost	70,965
Interest on the total pension liability	18,981
Differences between expected and actual experiences	(127,489)
Change in assumption	(63,948)
Change of benefit terms	460,062
Benefit payments	<u>(143,544)</u>
Net changes	<u>215,027</u>
Total supplemental pension liability end of year	<u>\$ 1,016,701</u>

Sensitivity of the Total Supplemental Pension Liability to Changes in the Discount Rate – The following presents the total pension liability of the District, as well as what the District’s total supplemental pension liability would be if it were calculated using a discount rate that is 1% lower (2.69%) or 1% higher (4.69%) than the current discount rate.

	<u>1% Decrease (2.69%)</u>	<u>Discount Rate (3.69%)</u>	<u>1% Increase (4.69%)</u>
Total supplemental pension liability	\$ 1,068,092	1,016,701	966,352

(7) Other Postemployment Benefits (OPEB)

Plan Description – The District administers a single-employer benefit plan which provides medical, prescription drug and dental 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 Clarke Community School 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, prescription drug and dental 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	<u>196</u>
Total	<u>205</u>

Total OPEB Liability – The District’s total OPEB liability of \$698,613 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions – The total OPEB liability in the June 30, 2022 actuarial valuation date 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 (effective June 30, 2022)	2.25% per annum.
Rates of salary increase (effective June 30, 2018)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2022)	3.69% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	6.70% initial rate decreasing by gradually to an ultimate rate of 3.70%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.69% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are based on RP-2014 mortality tables 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	\$ 225,360
Changes for the year:	
Service cost	23,971
Interest	7,288
Differences between expected and actual experiences	386,461
Changes in assumptions	91,486
Benefit payments	<u>(35,953)</u>
Net changes	<u>473,253</u>
Total OPEB liability end of year	<u>\$ 698,613</u>

Changes of assumptions reflect a change in the discount rate from 3.15% in fiscal year 2021 to 3.69% in fiscal year 2022.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.69%) or 1% higher (4.69%) than the current discount rate.

	1% Decrease (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB liability	\$ 748,803	698,613	651,647

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 that are 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	\$ 622,051	698,613	789,883

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the District recognized OPEB expense of \$61,430. At June 30, 2022, the District reported 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	\$ 345,909	138,399
Changes in assumptions	81,886	70,380
Total	\$ 427,795	208,779

The amount reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2023	\$ 30,171
2024	30,171
2025	30,171
2026	30,171
2027	30,171
Thereafter	68,161
	\$ 219,016

(8) Risk Management

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

(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 \$675,063 for the year ended June 30, 2022 and is recorded in the General Fund by making a memorandum adjusting entry to the 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 Chapter 15 and 403 of the Code of Iowa.

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2022 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Osceola	Urban renewal and economic development projects	\$ 50,213

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, 2022, this reimbursement amounted to \$21,247.

(11) Employee Health Insurance Plan

The District partially self-funds the District’s health insurance benefit plan. The plan is funded by both employee and District contributions and is administered through a service agreement with Employee Benefits System (EBS). All claims handling procedures are performed by an independent claims administrator. Settled claims did not exceed the plan coverage during the year.

The cash balance held by Employee Benefit Systems reported in the General Fund was \$68,964 at June 30, 2022.

(12) Categorical Funding

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

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

Program	Amount
Home school assistance	\$ 2,587
Four-year-old preschool	354,560
Teacher salary supplement	100,141
Teacher development academics	864
Professional development	1,781
	<u>\$ 459,933</u>

(13) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during fiscal year 2022. The new requirements require the reporting of certain lease assets and liabilities which were previous not reported. As part of the implementation of GASB 87, it was determined the liability previously reported as a lease purchase agreement should be reported as a lease agreement.

The result of these changes had the following effect on the beginning net position.

	Governmental Activities	Capital Assets	Lease Agreement
Balances June 30, 2021, as previously reported	\$ 16,129,720	33,453,153	-
Change to implement GASBS No. 87:			
Capital assets	218,800	218,800	-
Lease agreement	(218,800)	-	218,800
Correct prior year lease purchase agreement	223,002	-	-
Net position July 1, 2021, as restated	<u>\$ 16,352,722</u>	<u>33,671,953</u>	<u>218,800</u>

(14) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending June 30, 2023. The revised requirements of this statement will require reporting certain assets and liabilities for the right-to-use another party's information technology software alone or in combination with tangible capital assets that are not currently reported.

Clarke Community School District

Required Supplementary Information

Clarke Community School District
 Budgetary Comparison Schedule of
 Revenues, Expenditures/Expenses and Changes in Balances –
 Budget and Actual – All Governmental Funds and Proprietary (Enterprise) Fund

Required Supplementary Information

Year ended June 30, 2022

	Governmental Funds Actual	Proprietary (Enterprise) Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
				Revenues:		
Local sources	\$ 7,199,633	75,353	7,274,986	7,637,034	7,637,034	(362,048)
State sources	12,926,075	5,359	12,931,434	13,486,401	13,486,401	(554,967)
Federal sources	1,985,855	873,157	2,859,012	1,235,000	1,235,000	1,624,012
Total revenues	<u>22,111,563</u>	<u>953,869</u>	<u>23,065,432</u>	<u>22,358,435</u>	<u>22,358,435</u>	<u>706,997</u>
Expenditures/Expenses:						
Instruction	13,394,193	-	13,394,193	13,237,000	13,387,000	(7,193)
Support services	4,648,988	-	4,648,988	6,077,700	6,077,700	1,428,712
Non-instructional programs	30,308	695,773	726,081	830,000	830,000	103,919
Other expenditures	2,817,369	-	2,817,369	2,934,681	3,184,681	367,312
Total expenditures/expenses	<u>20,890,858</u>	<u>695,773</u>	<u>21,586,631</u>	<u>23,079,381</u>	<u>23,479,381</u>	<u>1,892,750</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	1,220,705	258,096	1,478,801	(720,946)	(1,120,946)	2,599,747
Other financing sources, net	9,050	-	9,050	10,000	10,000	950
Change in fund balance	1,229,755	258,096	1,487,851	(710,946)	(1,110,946)	(2,598,797)
Balances beginning of year, as restated	1,821,926	742,981	2,564,907	1,782,678	1,782,678	(782,229)
Balances end of year	<u>\$ 3,051,681</u>	<u>1,001,077</u>	<u>4,052,758</u>	<u>1,071,732</u>	<u>671,732</u>	<u>(3,381,026)</u>

See accompanying independent auditor's report.

Clarke Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2022

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Custodial Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared 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 \$400,000.

During the year ended June 30, 2022, expenditures in the instruction function exceeded the amounts budgeted.

Clarke Community School District
 Schedule of the District's Proportionate Share of the IPERS Net Pension Liability

Iowa Public Employees' Retirement System
 For the Last Eight Years*
 (In Thousands)

Required Supplementary Information

	2022	2021	2020	2019
District's proportion of the net pension liability (asset)	(0.048816)% **	0.122383%	0.130060%	0.126160%
District's proportionate share of the net pension liability (asset)	\$ 169	8,597	7,531	7,984
District's covered payroll	\$ 9,748	9,713	9,904	9,483
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.73%	88.51%	76.04%	84.19%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%

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

** Overall plan net pension asset.

See accompanying independent auditor's report.

2018	2017	2016	2015
0.125502%	0.121885%	0.119882%	0.122095%
8,360	7,671	5,923	4,842
9,373	8,748	8,213	7,991
89.19%	87.69%	72.12%	60.60%
82.21%	81.82%	85.19%	87.61%

Clarke Community School District
 Schedule of District IPERS Contributions
 Iowa Public Employees' Retirement System
 For the Last Ten Years
 (In Thousands)

Required Supplementary Information

	2022	2021	2020	2019
Statutorily required contribution	\$ 942	921	917	934
Contributions in relation to the statutorily required contribution	(942)	(921)	(917)	(934)
Contribution deficiency (excess)	\$ -	-	-	-
District's covered payroll	\$ 10,025	9,748	9,713	9,904
Contributions as a percentage of covered payroll *	9.44%	9.44%	9.44%	9.44%

* Amounts reported do not agree with calculated amounts due to rounding required contributions and covered payroll to nearest thousandth.

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
847	837	781	733	714	667
(847)	(837)	(781)	(733)	(714)	(667)
-	-	-	-	-	-
9,483	9,373	8,748	8,213	7,991	7,694
8.93%	8.93%	8.93%	8.93%	8.93%	8.67%

Clarke Community School District

Clarke Community School District

Notes to Required Supplementary Information – IPERS Pension Liability

Year ended June 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

Clarke Community School District
 Schedule of Changes in the District's
 Total Supplemental Pension Liability and Related Ratios and Notes

Required Supplementary Information
 For the Last Six Years

	2022	2021	2020	2019
Service cost	\$ 70,965	71,159	76,929	76,948
Interest on the total pension liability	18,981	18,389	33,888	31,639
Difference between expected and actual experience in the measurement of the total pension liability	(127,489)	(308,422)	(152,056)	(193,192)
Change in assumptions	(63,948)	219,868	-	(2,872)
Change in benefit terms	460,062	-	-	-
Benefit payments	(143,544)	(156,952)	-	(111,847)
Net change in total supplemental pension liability	215,027	(155,958)	(41,239)	(199,324)
Total supplemental pension liability beginning of year	801,674	957,632	998,871	1,198,195
Total supplemental pension liability end of year	\$ 1,016,701	801,674	957,632	998,871
Covered-employee payroll	\$ 8,408,839	9,747,985	9,712,541	9,904,050
Total supplemental pension liability as a percentage of covered-employee payroll	12.1%	8.2%	9.9%	10.1%

See accompanying independent auditor's report.

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

Changes of benefit terms:

There were no significant changes in benefit terms.

Changes of assumptions:

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

Year ended June 30, 2022	3.69%
Year ended June 30, 2021	2.37%
Year ended June 30, 2020	3.15%
Year ended June 30, 2019	3.15%
Year ended June 30, 2018	3.50%
Year ended June 30, 2017	3.50%
Year ended June 30, 2016	2.50%

<u>2018</u>	<u>2017</u>
56,485	46,857
37,606	33,834
39,844	25,731
-	-
-	-
<u>(2,351)</u>	<u>(43,060)</u>
131,584	63,362
<u>1,066,611</u>	<u>1,003,249</u>
<u>1,198,195</u>	<u>1,066,611</u>
9,483,000	9,373,000
12.6%	11.4%

Clarke Community School District
 Schedule of Changes in the District's
 Total OPEB Liability, Related Ratios and Notes

For the Last Five Years
 Required Supplementary Information

	2022	2021	2020	2019	2018
Service cost	\$ 23,971	23,971	24,002	34,604	34,755
Interest cost	7,288	7,332	6,805	15,320	14,655
Difference between expected and actual experiences	386,461	(14,131)	(13,520)	(16,561)	(11,302)
Assumption change	91,486	-	(214,546)	-	-
Benefit payments	(35,953)	(1,015)	-	(7,637)	(37,010)
Net change in total OPEB liability	473,253	16,157	(197,259)	25,726	1,098
Total OPEB liability beginning of year	225,360	209,203	406,462	380,736	379,638
Total OPEB liability end of year	<u>\$ 698,613</u>	<u>225,360</u>	<u>209,203</u>	<u>406,462</u>	<u>380,736</u>
Covered-employee payroll	\$ 8,400,000	9,300,000	9,200,000	9,300,000	8,900,000
Total OPEB liability as a percentage of covered-employee payroll	8.3%	2.4%	2.3%	4.4%	4.3%

See accompanying independent auditor's report.

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

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.

Year ended June 30, 2022	3.69%
Year ended June 30, 2021	3.15%
Year ended June 30, 2020	3.15%
Year ended June 30, 2019	3.72%
Year ended June 30, 2018	3.72%
Year ended June 30, 2017	4.50%

For the year ended June 30, 2020, the demographic assumptions for assumed retirement were updated.

Supplementary Information

Schedule 1

Clarke Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2022

Account	Balance Beginning of Year	Revenues	Expenditures	Transfers in	Intra- Fund Transfers	Balance End of Year
Athletics	\$ 12	95,216	51,499	8,700	(43,729)	8,700
Publications	4,209	5,079	8,654	-	-	634
High School Band	12,980	12,740	13,209	-	-	12,511
High School Co-curricular	1,002	-	1,002	-	-	-
High School Vocal Music	4,017	7,253	9,530	-	-	1,740
Cheerleaders	-	7,434	6,092	-	-	1,342
Speech/Debate	-	6,035	7,962	-	1,927	-
FFA	19,222	37,342	38,259	-	-	18,305
FCCLA	1,653	7	100	-	-	1,560
Cross Country	-	954	3,233	-	2,279	-
Golf	1,676	7	1,395	-	-	288
Tennis	-	926	1,684	-	758	-
Bowling	-	160	3,160	-	3,000	-
Soccer Club	130	9,355	9,881	-	396	-
Boys Basketball	(6,581)	980	1,434	-	7,035	-
Football	(26,030)	17,917	28,505	9,190	13,204	(14,224)
Baseball	(5,531)	3,421	5,593	-	7,703	-
Boys Track	200	500	3,212	-	2,512	-
Wrestling	-	3,092	4,388	-	1,296	-
Archery Club	7,678	6,456	6,894	-	-	7,240
Girls Basketball	-	580	1,227	-	647	-
Volleyball	-	6,965	5,678	-	-	1,287
Softball	-	1,846	2,681	-	835	-
Girls Track	218	3,400	5,755	-	2,137	-
Camp - Football	1,788	-	1,224	-	-	564
Camp - Volleyball	-	1,653	-	-	-	1,653
Book Club	1,886	9	-	-	-	1,895
Elementary Literacy Library	155	3,005	3,087	-	-	73
High School Student Council	1,914	1,938	2,756	-	-	1,096
Thespians	5,187	8,773	7,908	-	-	6,052
E Sport	367	361	370	-	-	358
Class of:						
2021	508	-	508	-	-	-
2022	1,971	10	257	-	-	1,724
2023	2,550	10,026	10,250	-	-	2,326
2024	-	960	85	-	-	875
Art Club	607	233	-	-	-	840
Anime Club	373	2	-	-	-	375
Media Club	224	1	78	-	-	147
Concessions	-	12,447	12,447	-	-	-
Athletic Resale	-	680	680	-	-	-
Washington DC Trip Fund	927	7,306	4,896	-	-	3,337
Drill Team	1,159	-	1,159	-	-	-
Robotics	212	1	-	-	-	213
Middle School Student Council	13,538	6,495	4,734	-	-	15,299
Middle School Pop Fund Balanc	280	-	280	-	-	-
Elementary Student Council	17,943	5,696	3,684	-	-	19,955
Athletics Pop Fund	3	-	2	-	-	1
Total	\$ 66,447	287,261	275,432	17,890	-	96,166

See accompanying independent auditor's report.

Clarke Community School District

Combining Balance Sheet
Capital Projects Accounts

June 30, 2022

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 1,228,372	341,801	1,570,173
Receivables:			
Property tax:			
Delinquent	-	4,386	4,386
Succeeding year	-	156,000	156,000
Due from other governments	119,505	308,625	428,130
Total assets	\$ 1,347,877	810,812	2,158,689
Liabilities, Deferred Inflows of Resources and Fund Balances			
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	\$ -	156,000	156,000
Other	-	308,625	308,625
Total deferred inflows of resources	-	464,625	464,625
Fund balances:			
Restricted for:			
School infrastructure	1,347,877	-	1,347,877
Property, plant and equipment	-	346,187	346,187
Total fund balances	1,347,877	346,187	1,694,064
Total liabilities, deferred inflows of resources and fund balances	\$ 1,347,877	810,812	2,158,689

See accompanying independent auditor's report.

Schedule 3

Clarke Community School District

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Capital Projects Accounts

Year ended June 30, 2022

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Capital Project	
Revenues:				
Local sources:				
Local tax	\$ -	690,203	-	690,203
Other	4,520	11,357	-	15,877
State sources	1,706,077	7,917	-	1,713,994
Total revenues	1,710,597	709,477	-	2,420,074
Expenditures:				
Support services:				
Instructional staff	-	31,322	-	31,322
Administration	-	141,074	-	141,074
Operation and maintenance of plant	62,781	-	-	62,781
	62,781	172,396	-	235,177
Other expenditures:				
Facilities acquisition	480,800	37,715	542,194	1,060,709
Total expenditures	543,581	210,111	542,194	1,295,886
Excess (Deficiency) of revenues over(under) expenditures	1,167,016	499,366	(542,194)	1,124,188
Other financing sources (uses):				
Transfers In	25,675	-	542,194	567,869
Transfers out	-	(187,572)	-	(187,572)
Total other financing sources (uses)	25,675	(187,572)	542,194	380,297
Change in fund balances	1,192,691	311,794	-	1,504,485
Fund balances beginning of year	155,186	34,393	-	189,579
Fund balances end of year	\$ 1,347,877	346,187	-	1,694,064

See accompanying independent auditor's report.

Clarke Community School District
 Combining Schedule of Fiduciary Net Position
 Custodial Funds

Year ended June 30, 2022

	Parent Teacher Community Organization	Band Boosters	South Central Conference Activities	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 48,606	9,337	4,171	62,114
Net Position				
Restricted for individuals, organizations and other governments	\$ 48,606	9,337	4,171	62,114

See accompanying independent auditor's report.

Clarke Community School District

Clarke Community School District

Combining Schedule of Changes in Fiduciary Net Position –
Custodial Fund

Year ended June 30, 2022

	Parent Teacher Community Organization	Band Boosters	South Central Conference Activities	Total
Additions:				
Local sources:				
Interest	\$ 356	41	43	440
Membership dues	-	-	9,600	9,600
Fundraisers	2,424	5,756	-	8,180
Donations	2,903	-	-	2,903
Total additions	5,683	5,797	9,643	21,123
Deductions:				
Agency remittances:				
Recipient payments	23,372	1,587	10,832	35,791
Changes in net position	(17,689)	4,210	(1,189)	(14,668)
Net position beginning of year	66,295	5,127	5,360	76,782
Net position end of year	\$ 48,606	9,337	4,171	62,114

See accompanying independent auditor's report.

Clarke Community School District

Schedule of Revenues by Source and Expenditures by Function –
All Governmental Funds

For the Last Ten Years

	2022	2021	2020	2019
Revenues:				
Local sources:				
Local tax	\$ 6,477,250	6,334,760	5,678,006	5,547,815
Tuition	286,432	321,291	271,473	282,949
Other	435,951	824,934	642,800	683,970
State sources	12,926,075	12,551,362	12,558,217	12,457,967
Federal sources	1,985,855	1,154,499	638,328	619,803
Total	<u>\$ 22,111,563</u>	<u>21,186,846</u>	<u>19,788,824</u>	<u>19,592,504</u>
Expenditures:				
Instruction:				
Regular instruction	\$ 8,455,653	8,015,559	7,163,327	6,864,443
Special instruction	2,433,016	2,597,934	2,679,372	2,704,917
Other instruction	2,505,524	2,161,230	2,119,876	2,373,147
Support services:				
Student	516,035	472,327	461,221	501,492
Instructional staff	426,448	657,484	1,032,882	676,684
Administration	1,638,133	1,831,633	1,886,998	1,812,350
Operation and maintenance of plant	1,373,171	1,697,165	1,468,995	1,516,396
Transportation	695,201	568,856	587,449	725,358
Non-instructional programs	30,308	24,685	14,812	10,057
Other expenditures:				
Facilities acquisition	1,060,709	4,187,729	12,834,397	3,976,441
Long-term debt:				
Principal	687,572	684,504	704,113	1,002,090
Interest and other charges	394,025	413,225	448,802	271,000
AEA flowthrough	675,063	672,440	662,169	655,835
Total	<u>\$ 20,890,858</u>	<u>23,984,771</u>	<u>32,064,413</u>	<u>23,090,210</u>

Beginning in 2014, the Iowa Department of Education modified the coding of the statewide sales, services and use tax revenue from local tax to state sources.

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
5,228,093	5,440,410	5,066,478	5,141,298	5,064,753	6,028,184
382,676	390,580	252,433	190,085	209,509	211,384
638,790	585,967	576,847	748,570	792,685	597,942
11,651,623	11,807,038	11,205,874	11,132,412	10,746,125	8,698,248
604,873	665,283	522,601	546,713	477,925	505,075
18,506,055	18,889,278	17,624,233	17,759,078	17,290,997	16,040,833
6,981,649	6,814,494	6,291,828	6,038,414	6,097,620	5,974,931
2,685,949	2,511,170	2,439,331	2,314,584	2,274,947	2,210,686
2,270,813	2,167,759	2,131,772	1,903,532	1,422,447	1,443,502
393,078	350,867	364,999	354,351	610,956	561,178
454,638	1,032,821	584,669	331,479	420,875	1,068,195
1,542,784	1,418,369	1,413,310	1,358,186	1,324,225	1,339,117
1,605,426	1,976,185	1,645,852	1,326,744	1,227,058	1,125,004
801,222	949,302	751,247	855,366	1,007,304	717,046
8,586	9,114	11,446	20,116	13,185	13,504
700,470	631,471	1,122,921	594,497	420,292	993,986
165,684	1,169,643	492,505	613,788	594,017	588,680
-	40,057	48,055	67,207	84,735	88,528
623,179	612,234	608,731	609,523	578,176	525,955
18,233,478	19,683,486	17,906,666	16,387,787	16,075,837	16,650,312

Clarke Community School District

Clarke Community School District
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2022

Grantor/Program	Assistance Listing Number	Grant Number	Expenditures
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY22	\$ 154,989
National School Lunch Program	10.555	FY22	718,168
Total U.S. Department of Agriculture			<u>873,157</u>
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY22	342,682
Improving Teacher Quality State Grants	84.367	FY22	50,268
Student Support and Academic Enrichment Program	84.424	FY22	22,877
Education Stabilization Fund			
COVID-19, Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	CRRSA ESSER II	962,396
COVID-19, Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	CRRSA ESSER II Teacher Retention	115,186
COVID-19, American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	ARP ESSER III	225,760
COVID-19, American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	ARP ESSER III SWVPP SA	83,110
			<u>1,386,452</u>
Passed through Green Hills Area Education Agency:			
Special Education Cluster:			
Special Education Grants to States	84.027	FY22	70,182
COVID-19, Special Education Grants to States	84.027	FY22	10,828
			<u>81,010</u>
Passed through Southwestern Community College:			
Career and Technical Education -- Basic Grants to States	84.048	FY22	12,312
Total U.S. Department of Education			<u>1,895,601</u>
Total			<u>\$ 2,768,758</u>

* Includes \$51,776 of non-cash awards.

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Clarke Community School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Clarke Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Clarke Community School District.

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

Indirect Cost Rate – Clarke Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

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 Clarke 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 Clarke Community School District as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 24, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clarke 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 Clarke Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Clarke 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that are not identified.

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Clarke Community School District's Responses to Findings

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



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

February 24, 2023

Clarke Community School District



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Rob Sand
Auditor of State

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Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

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 Clarke Community School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Clarke 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 Clarke Community School District's major federal programs for the year ended June 30, 2022. Clarke 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, Clarke Community School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Clarke 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 Clarke 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 Clarke 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 Clarke 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 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 Clarke Community School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with 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 Clarke 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 Clarke 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 Clarke 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.

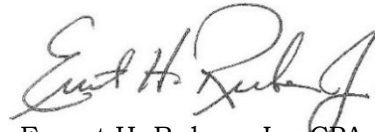
Report on Internal Control Over Compliance

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weakness as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

A handwritten signature in cursive script, reading "Ernest H. Ruben, Jr.", positioned above the printed name.

Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

February 24, 2023

Clarke Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) No material weaknesses in internal control over financial reporting were noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major programs were as follows:
 - Assistance Listing Number 84.010 – Title I Grants to Local Educational Agencies
 - Assistance Listing Number 84.425 – Education Stabilization Fund
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Clarke Community School District did not qualify as a low-risk auditee.

Clarke Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over financial reporting were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Clarke Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major program were noted.

Clarke Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

Part IV: Other Findings Related To Required Statutory Reporting:

2022-A Certified Budget – Expenditures for the year ended June 30, 2022 exceed the amended certified budget amount in the instruction function.

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 – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response accepted.

2022-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.

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

2022-D Business Transactions – No business transactions between the District and District officials or employees were noted.

2022-E Restricted Donor Activity – No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

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

2022-F Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

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

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

2022-I Deposits and Investments – Except as noted below, 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.

The Private Purpose Trust, Scholarship Fund has an investment in common stock which does not appear to be an investment permitted by Article VIII of the Constitution of the State of Iowa and Chapter 12B.10 of the Code of Iowa. Since the money was originally donated to fund a scholarship and the stock was purchased in the 1930s, the District, based on advice of its legal counsel, believes it is in the best interest of this fund to continue owning the stock.

Clarke Community School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

- 2022-J Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- 2022-K Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- 2022-L Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, 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, 2021, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Beginning balance		\$ 155,186
Revenues/transfers in:		
Statewide sales, services and use tax	\$ 1,706,077	
Interest on investments	4,520	
Transfers in	<u>25,675</u>	1,736,272
Expenditures/transfers out:		
School infrastructure construction	480,800	
Equipment	<u>62,781</u>	<u>543,581</u>
Ending balance		<u>\$ 1,347,877</u>

For the year ended June 30, 2022, the District reduced the following levy as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Physical plant and equipment levy	\$ 4.261	<u>\$ 1,706,077</u>

- 2022-M Deficit Balance – The following Special Revenue Fund, Student Activity Account had a deficit balance at June 30, 2022: Football \$14,224.

Recommendation – The District should investigate alternatives to eliminate the deficits to return the account to a sound financial condition.

Response – Our Activities Director will provide each activity account with a budget and any expenses over the allotted budget amount will need to have the money earned through fundraising.

Conclusion – Response accepted.

Clarke Community School District

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Katherine L. Rupp, CPA, Manager
Jamie T. Reuter, Senior Auditor II
Noelle M. Johnson, Senior Auditor
Brett A. Logsdon, Staff Auditor
Roxanne R. Stotler, Staff Auditor