



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

Contact: Brian Brustkern
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FOR RELEASE

March 22, 2024

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 \$24,974,103 for the year ended June 30, 2023, an 8.0% increase over the prior year. Expenses for the District operations for the year ended June 30, 2023 totaled \$19,452,928, a 6.7% decrease from the prior year. The increase in revenues is due primarily to an increase in income surtax and property taxes.

AUDIT FINDINGS:

Sand reported two findings related to the receipt and expenditure of taxpayer funds. They are found on pages 86 through 91 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.

Both 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 website 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, 2023

Clarke Community School District



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Rob Sand
Auditor of State

March 18, 2024

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, 2023. 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, appearing to read "Rob Sand".

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	(Resigned Jun 2023)
Kurt DeVore (Appointed Jun 2023)	Superintendent	Indefinite
April Hughes	District Secretary/Treasurer and Business Manager	Indefinite
Danielle Haindfield, 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, 2023, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Clarke Community School District as of June 30, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to 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.

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

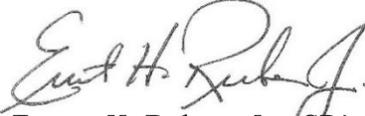
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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, 2022 (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 GAAS. 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 March 18, 2024 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
Chief Deputy Auditor of State

March 18, 2024

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

2023 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$18,283,615 in fiscal year 2022 to \$18,642,166 in fiscal year 2023 while General Fund expenditures decreased from \$17,701,756 in fiscal year 2022 to \$17,218,432 in fiscal year 2023. The District's General Fund balance increased from \$1,076,943 at the end of fiscal year 2022 to \$1,924,905 at the end of fiscal year 2023, a 78.7% increase.
- The increase in General Fund revenues was primarily attributable to an increase in state foundation aid, tuition from open enrollment students, and interest on investments. The decrease in expenditures was due primarily to decreases in spending on salaries and benefits 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, 2023 compared to June 30, 2022.

	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,	June 30,	June 30,	2022-2023
	2023	2022	2023	2022	2023	2022	
Current and other assets	\$ 14,941	11,321	1,225	1,163	16,165	12,484	3,681
Capital assets	33,630	33,297	52	49	33,683	33,346	337
Total assets	48,571	44,618	1,277	1,212	49,848	45,830	4,018
Deferred outflows of resources	1,763	1,856	38	41	1,801	1,897	(96)
Long-term liabilities	16,364	12,768	124	36	16,487	12,804	3,683
Other liabilities	2,420	2,106	65	65	2,485	2,171	314
Total liabilities	18,784	14,874	189	101	18,973	14,975	3,998
Deferred inflows of resources	7,754	13,226	27	151	7,780	13,377	(5,597)
Net position:							
Net investment in capital assets	23,219	22,422	52	49	23,271	22,471	800
Restricted	3,966	2,593	-	-	3,966	2,593	1,373
Unrestricted	(3,388)	(6,641)	1,047	952	(2,341)	(5,689)	3,348
Total net position	\$ 23,797	18,374	1,100	1,001	24,896	19,375	5,521

The District's total net position increased 28.5%, or approximately \$5,521,000, 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 3.6%, or approximately \$800,000, over the prior year primarily due to HVAC project at the high school gym 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 \$1,373,000, or 53.0%, over the prior year. The increase in restricted net position is due to an increase in statewide sales, services and use tax revenue, income surtax and property taxes 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 \$3,348,000, or 58.9%.

The analysis which follows shows the change in net position for the year ended June 30, 2023 compared to the year ended June 30, 2022.

	Change in Net Position							
	(Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2023	2022	2023	2022	2023	2022	2022-2023	
Revenues:								
Program revenues:								
Charges for service	\$ 893	752	214	70	1,107	822	285	
Operating grants, contributions and restricted interest	3,675	4,150	672	879	4,347	5,029	(682)	
General revenues:								
Property tax	6,448	6,147	-	-	6,448	6,147	301	
Statewide sales, services and use tax	1,928	1,706	-	-	1,928	1,706	222	
Income surtax	1,228	321	-	-	1,228	321	907	
Unrestricted state grants	9,377	9,009	-	-	9,377	9,009	368	
Unrestricted investment earnings	200	16	48	5	248	21	227	
Other	291	66	-	-	291	66	225	
Total revenues	<u>24,040</u>	<u>22,167</u>	<u>934</u>	<u>954</u>	<u>24,974</u>	<u>23,121</u>	<u>1,853</u>	
Program expenses:								
Governmental activities:								
Instruction	11,690	13,173	-	-	11,690	13,173	(1,483)	
Support services	4,896	4,908	-	-	4,896	4,908	(12)	
Non-instructional programs	3	30	835	696	838	726	112	
Other expenses	2,028	2,035	-	-	2,028	2,035	(7)	
Total expenses	<u>18,618</u>	<u>20,146</u>	<u>835</u>	<u>696</u>	<u>19,453</u>	<u>20,842</u>	<u>(1,389)</u>	
Change in net position	5,423	2,021	99	258	5,521	2,279	3,242	
Net position beginning of year, as restated	<u>18,374</u>	<u>16,353</u>	<u>1,001</u>	<u>743</u>	<u>19,375</u>	<u>17,096</u>	<u>2,279</u>	
Net position end of year	<u>\$ 23,797</u>	<u>18,374</u>	<u>1,100</u>	<u>1,001</u>	<u>24,896</u>	<u>19,375</u>	<u>5,521</u>	

In fiscal year 2023, property tax and unrestricted state grants accounted for 65.8% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 94.9% of business type activities revenue. The District's total revenues were approximately \$25.0 million, of which approximately \$24.1 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 an 8.0% increase in revenues and a 6.7% decrease in expenses. The increase in revenues is due primarily to the increase in statewide sales, services and use tax revenue, income surtax and property taxes.

Governmental Activities

Revenues for governmental activities were \$24,040,188 and expenses were \$18,617,571 for the year ended June 30, 2023.

The following table presents the total and net cost of the District’s major governmental activities, instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2023 compared to the year ended June 30, 2022.

Total and Net Cost of Governmental Activities (Expressed in Thousands)				
	Total Cost of Services		Net Cost of Services	
	June 30		June 30	
	2023	2022	2023	2022
Instruction	\$ 11,690	13,173	8,638	9,851
Support services	4,896	4,908	4,064	4,004
Non-instructional programs	3	30	3	30
Other expenses	2,028	2,035	1,344	1,360
Total	<u>\$ 18,618</u>	<u>20,146</u>	<u>14,050</u>	<u>15,245</u>

- The cost financed by users of the District’s programs was \$892,899.
- Federal and state governments subsidized certain operating programs with grants and contributions totaling \$3,674,937.
- The net cost of governmental activities was financed with \$6,448,279 of property tax and \$9,376,918 of unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2023 were \$933,915, a 2.1% decrease from the prior year, and expenses totaled \$835,357, a 20.1% 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 \$5,404,463, a 77.1% increase over last year’s ending fund balance of \$3,051,681. The change is a result of increases in general fund revenues coupled with an increase in the management levy as well as higher revenues and transfers of ESSER funds into the Capital Project fund.

Governmental Fund Highlights

- The General Fund balance increased from \$1,076,943 at June 30, 2022 to \$1,924,905 at June 30, 2023. Revenue increased 2.0% primarily due to an increase in state foundation aid, tuition from open enrollment students, and interest on investments, while expenditures decreased 2.7%.
- The Special Revenue, Management Levy Fund balance increased from \$120,665 at June 30, 2022 to \$323,418 at June 30, 2023. Revenues increased approximately \$600,000 due to the District increasing the management tax levy in fiscal year 2023.
- The Debt Service Fund balance increased from \$63,843 at June 30, 2022 to \$182,845 at June 30, 2023. Revenue decreased \$6,071, primarily due to a decrease in commercial/industrial replacement taxes, offset by increases in interest. Expenditures decreased \$140,679, primarily due to the completion of lease payments on chrome books in fiscal year 2023.
- The Capital Projects Fund balance increased from \$1,694,064 at June 30, 2022 to \$2,889,472 at June 30, 2023. Expenditures increased approximately \$604,000 over the prior year due to elementary school renovations and middle school fire suppression system project.

Proprietary Fund Highlights

School Nutrition Fund net position increased from \$1,001,077 at June 30, 2022 to \$1,099,635 at June 30, 2023, an increase of 9.8%. Federal sources of revenue decreased \$206,600, or 23.7%, primarily due to less receipts 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.

The District's total revenues were \$888,581 less than budgeted revenues, a variance of 3.6%. The variance primarily resulted from the District receiving less revenue from federal sources for ESSER projects than originally anticipated.

Total expenditures were \$3,980,960 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 non-instructional programs functional area exceeded the amount budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the District had invested approximately \$33.6 million, net of accumulated depreciation, in a broad range of capital assets, including the current year HVAC project at the high school gym. 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 \$1,293,378.

The original cost of the District's capital assets was approximately \$48.9 million. Governmental funds account for approximately \$48.7 million of the District's capital assets, with the remaining \$.2 million accounted for in the Enterprise, School Nutrition Fund.

	Capital Assets, net of Depreciation								
	(Expressed in Thousands)								
	Governmental		Business Type		Total		Total		
	Activities		Activities		District		Change		
June 30,		June 30,		June 30,		June 30,			
2023		2022		2023		2022		June 30,	
Land	\$ 238	238	-	-	238	238	0	0.0%	
Construction in progress	962	598	-	-	962	598	364	100.0%	
Buildings	27,920	27,805	-	-	27,920	27,805	115	0.4%	
Improvements other than buildings	3,838	3,987	-	-	3,838	3,987	(149)	-3.7%	
Furniture and equipment	581	634	52	49	633	683	(50)	-7.3%	
Right-to-use leased equipment	92	35	-	-	92	35	57	161.5%	
Total	\$ 33,630	33,297	52	49	33,683	33,346	337	1.0%	

Long-Term Debt

At June 30, 2023, the District had approximately \$10,412,000 of total long-term debt outstanding, a decrease of 4.3%. 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		Total
	District		Change
June 30,		June 30,	
2023		2022	2021-2022
General obligation bonds	\$ 10,320	10,840	-4.8%
Lease agreements	92	35	162.1%
	\$ 10,412	10,875	-4.3%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared, 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. The district will get the SAVE Revenue Purpose Statement to voters in the November 2023 election.
- 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 2023-24 and 2024-2025.
- Grants are sought to help with educational improvements in the District.
- The district started participating again in the Instructional Support Program in 2022-2023 and will continue to do so.
- The district started participating in the Dropout Prevention Program in 2022-2023 and will continue to do so.
- The one-to-one iPad and Chromebook initiatives continues 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. This will be reviewed with the Board at least once a year for priority and status updates.
- Construction for the general obligation bond projects was 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 Kurt DeVore, 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, 2023

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 7,009,979	1,210,698	8,220,677
Receivables:			
Property tax:			
Delinquent	82,473	-	82,473
Succeeding year	5,930,000	-	5,930,000
Accounts	26,589	222	26,811
Due from other governments	1,757,772	-	1,757,772
Inventories	-	10,086	10,086
Prepaid items	133,908	3,626	137,534
Capital assets not being depreciated	1,199,715	-	1,199,715
Capital assets, net of accumulated depreciation/amortization	32,430,619	52,338	32,482,957
Total assets	48,571,055	1,276,970	49,848,025
Deferred Outflows of Resources			
Pension related deferred outflows	1,396,776	26,773	1,423,549
OPEB related deferred outflows	366,314	11,329	377,643
Total deferred outflows of resources	1,763,090	38,102	1,801,192

Clarke Community School District

Statement of Net Position

June 30, 2023

	Governmental Activities	Business Type Activities	Total
Liabilities			
Accounts payable	341,430	5,411	346,841
Salaries and benefits payable	1,535,073	47,828	1,582,901
Due to other governments	515,441	-	515,441
Accrued interest payable	27,940	-	27,940
Unearned revenue	-	12,189	12,189
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	540,000	-	540,000
Lease agreement	19,306	-	19,306
Compensated absences	36,857	-	36,857
Total OPEB liability	46,288	-	46,288
Portion due after one year:			
General obligation bonds	9,780,000	-	9,780,000
Lease agreement	72,436	-	72,436
Total OPEB liability	663,898	21,965	685,863
Net pension liability	5,205,203	101,543	5,306,746
Total liabilities	18,783,872	188,936	18,972,808
Deferred Inflows of Resources			
Unavailable property tax revenue	5,930,000	-	5,930,000
Pension related deferred inflows	1,632,694	20,598	1,653,292
OPEB related deferred inflows	190,862	5,903	196,765
Total deferred inflows of resources	7,753,556	26,501	7,780,057
Net position			
Net investment in capital assets	23,218,815	52,338	23,271,153
Restricted for:			
Categorical funding	310,744	-	310,744
Debt service	154,905	-	154,905
Physical plant and equipment levy	971,278	-	971,278
School infrastructure	2,445,510	-	2,445,510
Student activities	83,823	-	83,823
Unrestricted	(3,388,358)	1,047,297	(2,341,061)
Total net position	\$ 23,796,717	1,099,635	24,896,352

See notes to financial statements.

Clarke Community School District

Statement of Activities

Year ended June 30, 2023

	Expenses	Program Revenues	
		Charges for Service	Operating Grants, Contributions and Restricted Interest
Functions/Programs:			
Governmental activities:			
Instruction:			
Regular instruction	\$ 6,577,811	392,547	1,382,788
Special instruction	2,288,590	223,186	195,830
Other instruction	2,824,070	267,056	590,847
	<u>11,690,471</u>	<u>882,789</u>	<u>2,169,465</u>
Support services:			
Student	406,412	-	48,391
Instructional staff	407,649	14	318
Administration	1,769,935	9,621	-
Operation and maintenance of plant	1,455,726	475	683,334
Transportation	856,560	-	89,820
	<u>4,896,282</u>	<u>10,110</u>	<u>821,863</u>
Non-instructional programs	2,771	-	-
Other expenditures:			
Long-term debt interest	383,840	-	-
AEA flowthrough	683,609	-	683,609
Depreciation (unallocated)*	960,598	-	-
	<u>2,028,047</u>	<u>-</u>	<u>683,609</u>
Total governmental activities	18,617,571	892,899	3,674,937
Business type activities:			
Non-instructional programs:			
Food service operations	835,357	213,785	671,922
Total	<u>\$ 19,452,928</u>	<u>1,106,684</u>	<u>4,346,859</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
(4,802,476)	-	(4,802,476)
(1,869,574)	-	(1,869,574)
(1,966,167)	-	(1,966,167)
(8,638,217)	-	(8,638,217)
(358,021)	-	(358,021)
(407,317)	-	(407,317)
(1,760,314)	-	(1,760,314)
(771,917)	-	(771,917)
(766,740)	-	(766,740)
(4,064,309)	-	(4,064,309)
(2,771)	-	(2,771)
(383,840)	-	(383,840)
-	-	-
(960,598)	-	(960,598)
(1,344,438)	-	(1,344,438)
(14,049,735)	-	(14,049,735)
-	50,350	50,350
(14,049,735)	50,350	(13,999,385)
\$ 5,379,723	-	5,379,723
894,814	-	894,814
173,742	-	173,742
1,927,873	-	1,927,873
1,228,286	-	1,228,286
9,376,918	-	9,376,918
199,769	48,208	247,977
5,619	-	5,619
285,608	-	285,608
19,472,352	48,208	19,520,560
5,422,617	98,558	5,521,175
18,374,100	1,001,077	19,375,177
\$ 23,796,717	1,099,635	24,896,352

Exhibit C

Clarke Community School District

Balance Sheet
Governmental Funds

June 30, 2023

	Special Revenue		Debt Service	Capital Projects	Nonmajor	Total
	General	Management Levy			Student Activities	
Assets						
Cash, cash equivalents and pooled investments	\$ 3,370,566	304,130	171,797	3,057,357	78,277	6,982,127
Receivables:						
Property tax:						
Delinquent	58,967	10,313	11,048	2,145	-	82,473
Succeeding year	4,324,000	675,000	804,000	127,000	-	5,930,000
Accounts	14,794	-	-	-	11,795	26,589
Due from other governments	1,094,796	-	-	662,976	-	1,757,772
Prepaid items	124,933	8,975	-	-	-	133,908
Total assets	\$ 8,988,056	998,418	986,845	3,849,478	90,072	14,912,869
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 30,077	-	-	305,690	5,663	341,430
Salaries and benefits payable	1,534,487	-	-	-	586	1,535,073
Due to other governments	515,441	-	-	-	-	515,441
Total liabilities	2,080,005	-	-	305,690	6,249	2,391,944
Deferred inflows of resources:						
Unavailable revenues:						
Succeeding year property tax	4,324,000	675,000	804,000	127,000	-	5,930,000
Other	659,146	-	-	527,316	-	1,186,462
Total deferred inflows of resources	4,983,146	675,000	804,000	654,316	-	7,116,462
Fund balances:						
Nonspendable:						
Prepaid items	124,933	8,975	-	-	-	133,908
Restricted for:						
Categorical funding	310,744	-	-	-	-	310,744
Management levy purposes	-	314,443	-	-	-	314,443
Debt service	-	-	182,845	-	-	182,845
Student activities	-	-	-	-	83,823	83,823
School infrastructure	-	-	-	2,445,510	-	2,445,510
Physical plant and equipment	-	-	-	443,962	-	443,962
Unassigned	1,489,228	-	-	-	-	1,489,228
Total fund balances	1,924,905	323,418	182,845	2,889,472	83,823	5,404,463
Total liabilities, deferred inflows of resources and fund balances	\$ 8,988,056	998,418	986,845	3,849,478	90,072	14,912,869

See notes to financial statements.

Clarke Community School District

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

June 30, 2023

Total fund balances of governmental funds (page 22) \$ 5,404,463

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. 33,630,334

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. 27,852

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. 1,186,462

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. (27,940)

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	\$ 1,763,090	
Deferred inflows of resources	<u>(1,823,556)</u>	(60,466)

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. (16,363,988)

Net position of governmental activities (page 19) \$ 23,796,717

See notes to financial statements.

Exhibit E

Clarke Community School District

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

Year ended June 30, 2023

	Special Revenue			Nonmajor		Total
	General	Management Levy	Debt Service	Capital Projects	Student Activities	
Revenues:						
Local sources:						
Local tax	\$ 4,578,988	800,735	894,814	524,191	-	6,798,728
Tuition	449,158	-	-	-	-	449,158
Other	445,765	3,184	13,961	115,170	292,723	870,803
State sources	11,557,212	235	252	1,927,922	-	13,485,621
Federal sources	1,611,043	-	-	-	-	1,611,043
Total revenues	18,642,166	804,154	909,027	2,567,283	292,723	23,215,353
Expenditures:						
Current:						
Instruction:						
Regular	7,218,631	193,343	-	-	-	7,411,974
Special	2,469,704	9,782	-	-	-	2,479,486
Other	2,632,346	30,096	-	-	299,074	2,961,516
Support services:						
Student	392,117	3,946	-	-	-	396,063
Instructional staff	240,401	2,229	-	200,957	-	443,587
Administration	1,701,518	24,173	-	166,974	-	1,892,665
Operation and maintenance of plant	1,210,224	229,654	-	1,430	-	1,441,308
Transportation	669,882	105,407	-	176,100	5,992	957,381
Non-instructional programs	-	2,771	-	-	-	2,771
Other expenditures:						
Facilities acquisition	-	-	-	1,354,578	-	1,354,578
Long-term debt:						
Principal	-	-	555,430	-	-	555,430
Interest and other charges	-	-	385,488	-	-	385,488
AEA flowthrough	683,609	-	-	-	-	683,609
Total expenditures	17,218,432	601,401	940,918	1,900,039	305,066	20,965,856
Excess (deficiency) of revenues over (under) expenditures	1,423,734	202,753	(31,891)	667,244	(12,343)	2,249,497
Other financing sources (uses):						
Sale of capital assets	3,446	-	-	-	-	3,446
Lease Agreements	99,839	-	-	-	-	99,839
Transfers in	-	-	150,893	679,057	-	829,950
Transfers out	(679,057)	-	-	(150,893)	-	(829,950)
Total other financing sources (uses)	(575,772)	-	150,893	528,164	-	103,285
Change in fund balances	847,962	202,753	119,002	1,195,408	(12,343)	2,352,782
Fund balances beginning of year	1,076,943	120,665	63,843	1,694,064	96,166	3,051,681
Fund balances end of year	\$ 1,924,905	323,418	182,845	2,889,472	83,823	5,404,463

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, 2023

Change in fund balances - total governmental funds (page 24) \$ 2,352,782

**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	\$ 1,617,896	
Depreciation expense	<u>(1,284,708)</u>	333,188

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	877,837	
Other	<u>(56,384)</u>	821,453

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

Issued	(99,839)	
Repaid	<u>563,379</u>	463,540

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. 954,968

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	7,088	
OPEB expense	(69,524)	
Pension expense	139,058	
Net supplemental pension liability	420,297	
Interest on long-term debt	<u>1,648</u>	498,567

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. (1,881)

Change in net position of governmental activities (page 21) \$ 5,422,617

See notes to financial statements.

Clarke Community School District

Statement of Net Position
Proprietary Funds

June 30, 2023

	Business Type Activities	Governmental Activities
	Enterprise - School Nutrition	Internal Service - Flex Spending
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,210,698	\$ 27,852
Accounts receivable	222	-
Inventories	10,086	-
Prepaid items	3,626	-
Total current assets	1,224,632	27,852
Noncurrent assets:		
Capital assets, net of accumulated depreciation	52,338	-
Total assets	1,276,970	27,852
Deferred Outflows of Resources		
Pension related deferred outflows	26,773	-
OPEB related deferred outflows	11,329	-
Total deferred outflows of resources	38,102	-
Liabilities		
Current liabilities:		
Accounts payable	5,411	-
Salaries and benefits payable	47,828	-
Unearned student meals	12,189	-
Total current liabilities	65,428	-
Noncurrent liabilities:		
Total OPEB liability	21,965	-
Net pension liability	101,543	-
Total noncurrent liabilities	123,508	-
Total liabilities	188,936	-
Deferred inflows of resources		
Pension related deferred inflows	20,598	-
OPEB related deferred inflows	5,903	-
Total deferred inflows of resources	26,501	-
Net Position		
Net investment in capital assets	52,338	-
Unrestricted	1,047,297	27,852
Total net position	\$ 1,099,635	\$ 27,852

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, 2023

	Business Type Activities	Governmental Activities
	Enterprise - School Nutrition	Internal Service - Flex Spending
Operating revenues:		
Local sources:		
Charges for service	\$ 213,785	\$ -
Employee contributions	-	42,229
Total operating revenues	<u>213,785</u>	<u>42,229</u>
Operating expenses:		
Non-instructional programs:		
Food service operations:		
Salaries	300,438	-
Benefits	52,837	-
Purchased services	8,154	-
Supplies	465,258	-
Depreciation	8,670	-
Other	-	45,504
Total operating expenses	<u>835,357</u>	<u>45,504</u>
Operating loss	<u>(621,572)</u>	<u>(3,275)</u>
Non-operating revenues:		
State sources	5,365	-
Federal sources	666,557	-
Interest income	<u>48,208</u>	<u>1,394</u>
Total non-operating revenues	<u>720,130</u>	<u>1,394</u>
Increase (decrease) in net position	98,558	(1,881)
Net position beginning of year	<u>1,001,077</u>	<u>29,733</u>
Net position end of year	<u>\$ 1,099,635</u>	<u>\$ 27,852</u>

See notes to financial statements.

Exhibit I

Clarke Community School District

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2023

	Business Type Activities	Governmental Activities
	Enterprise - School Nutrition	Internal Service - Flex Spending
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 211,625	\$ -
Cash received from miscellaneous operating activities	-	42,229
Cash paid for salaries and to suppliers for goods or services	(801,612)	(45,504)
Net cash used by operating activities	(589,987)	(3,275)
Cash flows from non-capital financing activities:		
State grants received	5,365	-
Federal grants received	612,823	-
Net cash provided by non-capital financing activities	618,188	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(11,861)	-
Net cash used by non-capital financing activities	(11,861)	-
Cash flows from investing activities:		
Interest on investments	48,208	1,394
Change in cash and cash equivalents	64,548	(1,881)
Cash and cash equivalents beginning of year	1,146,150	29,733
Cash and cash equivalents end of year	\$ 1,210,698	\$ 27,852

Clarke Community School District

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2023

	Business Type Activities	Governmental Activities
	Enterprise - School Nutrition	Internal Service - Flex Spending
Reconciliation of operating loss to net cash used by operating activities:		
Operating income (loss)	\$ (621,572)	\$ (3,275)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Commodities used	55,597	-
Depreciation	8,670	-
Change in assets and liabilities:		
Accounts receivable	2,755	-
Inventories	(2,537)	-
Prepaid items	679	-
Deferred outflows of resources	2,875	-
Accounts payables	5,411	-
Salaries and benefits payable	(448)	-
Total OPEB liability	1,007	-
Unearned student meals	(4,915)	-
IPERS net pension liability	87,049	-
Deferred inflows of resources	(124,558)	-
Net cash used by operating activities	<u>\$ (589,987)</u>	<u>\$ (3,275)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2023, the District received \$55,597 of federal commodities.

See notes to financial statements.

Exhibit J

Clarke Community School District
Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2023

	<u>Private Purpose Trust</u>	<u>Custodial Funds</u>
	<u>Scholarship</u>	<u>Funds</u>
Assets		
Cash and investments	<u>\$ 44,105</u>	<u>\$ 58,751</u>
Net Position		
Restricted for:		
Reserved for scholarships	44,105	-
Other governments	<u>-</u>	<u>58,751</u>
Total net position	<u>\$ 44,105</u>	<u>\$ 58,751</u>

See notes to financial statements.

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

Year ended June 30, 2023

	Private Purpose Trust	Custodial Funds
	Scholarship	Funds
Additions:		
Local sources:		
Interest income, net of decrease in fair value	\$ (1,285)	\$ 3,047
Other	6,950	21,907
Total additions	5,665	24,954
Deductions:		
Support services:		
Scholarships awarded	1,702	-
Recipient payments	-	28,317
Total deductions	1,702	28,317
Change in net position	3,963	(3,363)
Net position beginning of year	40,142	62,114
Net position end of year	\$ 44,105	\$ 58,751

See notes to financial statements.

Clarke Community School District

Notes to Financial Statements

Year ended June 30, 2023

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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, 2023. 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 outflows 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 that will not be recognized until the year for which it is levied, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and unrecognized items not yet charged to pension and OPEB expense.

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, 2023, expenditures exceeded the amount budgeted in the non-instructional programs function.

(2) Cash, Cash Equivalents and Pooled Investments

The District’s deposits in banks at June 30, 2023 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

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, 2023, the District had the following investment:

<u>Investment</u>	<u>Fair Value</u>
Alliant Energy Corporation Common stock	<u>\$ 20,572</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 \$20,572 was determined using the closing share price on June 30, 2023. (Level 1 input)

(3) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Physical Plant and Equipment Levy	<u>\$ 150,893</u>
Capital Projects: Statewide Sales, Services and Use Tax	General	355,120
Capital Project	General	<u>323,937</u>
		<u>679,057</u>
		<u>\$ 829,950</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, 2023 was as follows:

	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	961,693	(598,289)	961,693
Total capital assets not being depreciated	836,311	961,693	(598,289)	1,199,715
Capital assets being depreciated:				
Buildings	36,399,261	831,887	-	37,231,148
Improvements other than buildings	5,909,728	95,250	-	6,004,978
Furniture and equipment	4,109,439	228,974	(167,643)	4,170,770
Right-to-use leased equipment	218,800	99,839	(218,800)	99,839
Total capital assets being depreciated	46,637,228	1,255,950	(386,443)	47,506,735
Less accumulated depreciation for:				
Buildings	8,594,297	717,111	-	9,311,408
Improvements other than buildings	1,923,215	243,487	-	2,166,702
Furniture and equipment	3,475,363	280,508	(166,185)	3,589,686
Right-to-use leased equipment	183,518	43,602	(218,800)	8,320
Total accumulated depreciation	14,176,393	1,284,708	(384,985)	15,076,116
Total capital assets being depreciated, net	32,460,835	(28,758)	(1,458)	32,430,619
Governmental activities capital assets, net	\$ 33,297,146	932,935	(599,747)	33,630,334
Business type activities:				
Furniture and equipment	\$ 340,398	11,861	(128,748)	223,511
Less accumulated depreciation	291,251	8,670	(128,748)	171,173
Business type activities capital assets, net	\$ 49,147	3,191	-	52,338

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular instruction	\$ 18,516
Other instruction	26,979
Support services:	
Student	35,282
Administration	66,559
Operation and maintenance of plant	52,831
Transportation	123,943
	324,110
Unallocated	960,598
Total depreciation expense - governmental activities	\$ 1,284,708
Business type activities:	
Food service operations	\$ 8,670

(5) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 10,840,000	-	520,000	10,320,000	540,000
Lease agreements	35,282	99,839	43,379	91,742	19,306
Compensated absences	43,945	43,227	50,315	36,857	36,857
Total OPEB liability	677,655	87,727	55,196	710,186	46,288
Net pension liability	1,170,732	4,537,170	502,699	5,205,203	-
Total	<u>\$ 12,767,614</u>	<u>4,767,963</u>	<u>1,171,589</u>	<u>16,363,988</u>	<u>642,451</u>
Business type activities:					
Total OPEB liability	\$ 20,958	1,007	-	21,965	-
Net pension liability	14,494	87,049	-	101,543	-
Total	<u>\$ 35,452</u>	<u>88,056</u>	<u>-</u>	<u>123,508</u>	<u>-</u>

General Obligation Bonds

Details of the District's June 30, 2023 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
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	3.00	620,000	273,075	893,075
2029-2033	3.00-3.30	3,405,000	1,067,575	4,472,575
2034-2038	3.40-3.70	4,010,000	450,215	4,460,215
Total		<u>\$ 10,320,000</u>	<u>3,074,215</u>	<u>13,394,215</u>

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, 2023, the District paid principal and interest of \$520,000 and \$373,425, 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, 2023, principal and interest paid were \$35,282 and \$148, respectively.

On February 14, 2023, the District entered into a lease agreement with Access Systems for copiers. The agreement requires monthly payments \$1,747 over 60 months with an implicit rate of 2.0% and final payment due February 2028. During the year ended June 30, 2023, principal and interest paid were \$8,097 and \$638, respectively.

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

Year Ending June 30,	Access Systems			
	Feb 14, 2023			
	Interest Rates	Principal	Interest	Total
2024	2.00%	\$ 19,306	1,658	20,964
2025	2.00	19,696	1,268	20,964
2026	2.00	20,093	871	20,964
2027	2.00	20,499	465	20,964
2028	2.00	12,148	81	12,229
Total		\$ 91,742	4,343	96,085

(6) Pension Plans

Pension Plan Total Information	Supplemental		
	IPERS	Pension	Total
Net pension liability	\$ 4,681,553	625,193	5,306,746
Deferred outflows of resources related to pensions	1,234,389	189,160	1,423,549
Deferred inflows of resources related to pensions	949,664	703,628	1,653,292
Pension expense (reduction)	153,665	(348,412)	(194,747)

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 2023, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District’s contributions to IPERS for the year ended June 30, 2023 totaled \$976,140.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the District reported a liability of \$4,681,553 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the District’s proportion was 0.123911% which was an increase of 0.172727% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$153,665. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 207,533	64,127
Changes of assumptions	3,972	112
Net difference between projected and actual earnings on IPERS' investments	-	501,145
Changes in proportion and differences between District contributions and proportionate share of contributions	46,744	384,280
District contributions subsequent to the measurement date	976,140	-
Total	<u>\$ 1,234,389</u>	<u>949,664</u>

\$976,140 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	\$ (540,285)
2025	(446,671)
2026	(696,744)
2027	990,996
2028	1,289
Total	<u>\$ (691,415)</u>

There were no non-employer contributing entities to IPERS.

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

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
Total	<u>100.0%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 8,722,296	4,681,553	1,120,548

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, 2023.

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 \$20,000.

Retired participants must be age 55 or older at retirement. At June 30, 2023, 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 \$625,193 was measured as of June 30, 2023 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, 2023, the District recognized pension expense (reduction) of \$(348,412). At June 30, 2023, 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	\$ -	639,914
Change in assumptions	189,160	63,714
Total	<u>\$ 189,160</u>	<u>703,628</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
2024	\$ (37,848)
2025	(37,848)
2026	(37,848)
2027	(37,848)
2028	(37,848)
Thereafter	<u>(325,228)</u>
	<u>\$ (514,468)</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, rolled forward to June 30, 2023, was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of salary (effective June 30, 2018)	3.25% per annum.
Discount rate (effective June 30, 2023)	3.86% compounded annually, net of investment expense, including inflation.

Discount Rate – The discount rate used to measure the total pension liability was 3.86% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 mortality table with projected mortality improvements based on scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used for IPERS.

The actuarial assumptions used in the June 30, 2021 valuation, rolled forward to June 30, 2023, 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	\$ 1,016,701
Changes for the year:	
Service cost	72,332
Interest on the total pension liability	38,859
Change in assumption	(9,059)
Change of benefit terms	(421,755)
Benefit payments	<u>(71,885)</u>
Net changes	<u>(391,508)</u>
Total supplemental pension liability end of year	<u>\$ 625,193</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 (2.86%) or 1% higher (4.86%) than the current discount rate.

	<u>1% Decrease (2.86%)</u>	<u>Discount Rate (3.86%)</u>	<u>1% Increase (4.86%)</u>
Total supplemental pension liability	\$ 654,754	625,193	596,276

(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, 2023, 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 \$732,151 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions – The total OPEB liability in the June 30, 2023 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, 2023)	2.25% per annum.
Rates of salary increase (effective June 30, 2018)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2022)	3.86% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	6.70% initial rate decreasing gradually to an ultimate rate of 3.70%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.86% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are 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	<u>\$ 698,613</u>
Changes for the year:	
Service cost	61,538
Interest	27,196
Changes in assumptions	(8,908)
Benefit payments	<u>(46,288)</u>
Net changes	<u>33,538</u>
Total OPEB liability end of year	<u>\$ 732,151</u>

Changes of assumptions reflect a change in the discount rate from 3.69% in fiscal year 2022 to 3.86% in fiscal year 2023.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.86%) or 1% higher (4.86%) than the current discount rate.

	<u>1% Decrease (2.86%)</u>	<u>Discount Rate (3.86%)</u>	<u>1% Increase (4.86%)</u>
Total OPEB liability	\$ 786,036	732,151	681,864

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	\$ 644,816	732,151	836,934

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

– For the year ended June 30, 2023, the District recognized OPEB expense of \$117,970. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 305,357	125,252
Changes in assumptions	72,286	71,513
Total	\$ 377,643	196,765

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

Year Ending June 30,	Amount
2024	\$ 29,236
2025	29,236
2026	29,236
2027	29,236
2028	29,236
Thereafter	34,698
	\$ 180,878

(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 \$683,609 for the year ended June 30, 2023 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, 2023 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	\$ 73,787

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2023, this reimbursement amounted to \$29,892.

(11) Categorical Funding

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for 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, 2023.

<u>Program</u>	<u>Amount</u>
Home school assistance	\$ 2,587
Teacher Leadership	24,484
Four-year-old preschool	226,528
Teacher salary supplement	43,758
Professional development	13,387
	<u>\$ 310,744</u>

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, 2023

	Governmental Funds Actual	Proprietary (Enterprise) Fund Actual	Total Actual
Revenues:			
Local sources	\$ 8,118,689	261,993	8,380,682
State sources	13,485,621	5,365	13,490,986
Federal sources	1,611,043	666,557	2,277,600
Total revenues	<u>23,215,353</u>	<u>933,915</u>	<u>24,149,268</u>
Expenditures/Expenses:			
Instruction	12,852,976	-	12,852,976
Support services	5,131,004	-	5,131,004
Non-instructional programs	2,771	835,357	838,128
Other expenditures	2,979,105	-	2,979,105
Total expenditures/expenses	<u>20,965,856</u>	<u>835,357</u>	<u>21,801,213</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	2,249,497	98,558	2,348,055
Other financing sources, net	<u>103,285</u>	-	<u>103,285</u>
Change in fund balance	2,352,782	98,558	2,451,340
Balances beginning of year, as restated	<u>3,051,681</u>	<u>1,001,077</u>	<u>4,052,758</u>
Balances end of year	<u>\$ 5,404,463</u>	<u>1,099,635</u>	<u>6,504,098</u>

See accompanying independent auditor's report.

Budgeted Amounts	Final to Actual
Original/Final	Variance
7,550,508	830,174
13,637,141	(146,155)
3,850,200	(1,572,600)
25,037,849	(888,581)
13,750,000	897,024
6,151,100	1,020,096
754,000	(84,128)
5,127,073	2,147,968
25,782,173	3,980,960
(744,324)	3,092,379
510,000	406,715
(234,324)	(2,685,664)
3,444,043	(608,715)
3,209,719	(3,294,379)

Clarke Community School District

Clarke Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2023

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary 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 ended June 30, 2023, expenditures in the non-instructional programs 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 Nine Years*
 (In Thousands)

Required Supplementary Information

	2023	2022	2021	2020
District's proportion of the net pension liability (asset)	0.123911%	(0.048816)% **	0.122383%	0.130060%
District's proportionate share of the net pension liability (asset)	\$ 4,682	169	8,597	7,531
District's covered payroll	\$ 10,025	9,748	9,713	9,904
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	46.70%	1.73%	88.51%	76.04%
IPERS' net position as a percentage of the total pension liability	91.40%	100.81%	82.90%	85.45%

* 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.

2019	2018	2017	2016	2015
0.126160%	0.125502%	0.121885%	0.119882%	0.122095%
7,984	8,360	7,671	5,923	4,842
9,483	9,373	8,748	8,213	7,991
84.19%	89.19%	87.69%	72.12%	60.60%
83.62%	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

	2023	2022	2021	2020
Statutorily required contribution	\$ 976	942	921	917
Contributions in relation to the statutorily required contribution	(976)	(942)	(921)	(917)
Contribution deficiency (excess)	\$ -	-	-	-
District's covered payroll	\$ 10,372	10,025	9,748	9,713
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.

2019	2018	2017	2016	2015	2014
934	847	837	781	733	714
(934)	(847)	(837)	(781)	(733)	(714)
-	-	-	-	-	-
9,904	9,483	9,373	8,748	8,213	7,991
9.44%	8.93%	8.93%	8.93%	8.93%	8.93%

Clarke Community School District

Clarke Community School District

Notes to Required Supplementary Information – IPERS Pension Liability

Year ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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

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

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 Seven Years

	2023	2022	2021	2020
Service cost	\$ 72,332	70,965	71,159	76,929
Interest on the total pension liability	38,859	18,981	18,389	33,888
Difference between expected and actual experience in the measurement of the total pension liability	-	(127,489)	(308,422)	(152,056)
Change in assumptions	(9,059)	(63,948)	219,868	-
Change in benefit terms	(421,755)	460,062	-	-
Benefit payments	(71,885)	(143,544)	(156,952)	-
Net change in total supplemental pension liability	(391,508)	215,027	(155,958)	(41,239)
Total supplemental pension liability beginning of year	1,016,701	801,674	957,632	998,871
Total supplemental pension liability end of year	\$ 625,193	1,016,701	801,674	957,632
Covered-employee payroll	\$ 8,910,044	8,408,839	9,747,985	9,712,541
Total supplemental pension liability as a percentage of covered-employee payroll	7.0%	12.1%	8.2%	9.9%

See accompanying independent auditor's report.

Notes to Schedule of Changes in the Districts 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, 2023	3.86%
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%

2019	2018	2017
76,948	56,485	46,857
31,639	37,606	33,834
(193,192)	39,844	25,731
(2,872)	-	-
-	-	-
(111,847)	(2,351)	(43,060)
(199,324)	131,584	63,362
1,198,195	1,066,611	1,003,249
998,871	1,198,195	1,066,611
9,904,050	9,483,000	9,373,000
10.1%	12.6%	11.4%

Clarke Community School District
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios
For the Last Six Years
Required Supplementary Information

	2023	2022	2021	2020
Service cost	\$ 61,538	23,971	23,971	24,002
Interest cost	27,196	7,288	7,332	6,805
Difference between expected and actual experiences	-	386,461	(14,131)	(13,520)
Assumption change	(8,908)	91,486	-	(214,546)
Benefit payments	(46,288)	(35,953)	(1,015)	-
Net change in total OPEB liability	33,538	473,253	16,157	(197,259)
Total OPEB liability beginning of year	698,613	225,360	209,203	406,462
Total OPEB liability end of year	\$ 732,151	698,613	225,360	209,203
Covered-employee payroll	\$ 8,900,000	8,400,000	9,300,000	9,200,000
Total OPEB liability as a percentage of covered-employee payroll	8.2%	8.3%	2.4%	2.3%

See accompanying independent auditor's report.

<u>2019</u>	<u>2018</u>
34,604	34,755
15,320	14,655
(16,561)	(11,302)
-	-
<u>(7,637)</u>	<u>(37,010)</u>
25,726	1,098
<u>380,736</u>	<u>379,638</u>
<u>406,462</u>	<u>380,736</u>
9,300,000	8,900,000
4.4%	4.3%

Clarke Community School District

Notes to Required Supplementary Information – OPEB Liability

Year ended June 30, 2023

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

The 2023 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2023:

- Changed mortality assumptions to the SOA Public Plan 2010 tables.

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

Year ended June 30, 2023	3.86%
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%

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

Supplementary Information

Schedule 1

Clarke Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2023

Account	Balance Beginning of Year	Revenues	Expenditures	Intra- Fund Transfers	Balance End of Year
Athletics	\$ 8,700	87,934	96,430	-	204
Publications	634	6,341	4,018	-	2,957
High School Band	12,511	9,957	16,014	-	6,454
High School Vocal Music	1,740	10,252	11,992	-	-
Cheerleaders	1,342	4,335	5,677	-	-
Speech/Debate	-	11,467	13,773	-	(2,306)
FFA	18,305	32,474	36,195	-	14,584
FCCLA	1,560	75	-	-	1,635
Cross Country	-	1,202	1,202	-	-
Golf	288	2,602	2,849	-	41
Soccer Club	-	80	80	-	-
Boys Basketball	-	740	661	-	79
Football	(14,224)	34,226	20,567	565	-
Baseball	-	543	543	-	-
Boys Track	-	2,852	1,646	-	1,206
Archery Club	7,240	4,218	6,024	-	5,434
Girls Basketball	-	720	720	-	-
Volleyball	1,287	4,331	1,858	-	3,760
Softball	-	286	286	-	-
Girls Track	-	2,467	1,597	-	870
Camp - Football	564	-	-	(564)	-
Camp - Volleyball	1,653	619	846	-	1,426
Book Club	1,895	92	-	-	1,987
Elementary Literacy Library	73	3	-	-	76
High School Student Council	1,096	1,696	2,308	-	484
Thespians	6,052	8,284	9,296	-	5,040
E Sport	358	3,035	2,391	-	1,002
Class of:					
2022	1,724	83	1,507	-	300
2023	2,326	-	2,326	-	-
2024	875	14,210	13,020	-	2,065
2025	-	1,984	-	-	1,984
2026	-	1,514	-	-	1,514
Art Club	840	472	140	-	1,172
Anime Club	375	18	-	-	393
Media Club	147	7	67	-	87
Concessions	-	13,897	13,897	-	-
Athletic Resale	-	1,025	1,025	-	-
Washington DC Trip Fund	3,337	14,442	12,805	-	4,974
Robotics	213	10	-	-	223
Middle School Student Council	15,299	9,207	7,169	-	17,337
Elementary Student Council	19,955	5,023	16,137	-	8,841
Athletics Pop Fund	1	-	-	(1)	-
Total	\$ 96,166	292,723	305,066	-	83,823

See accompanying independent auditor's report.

Clarke Community School District

Combining Balance Sheet
Capital Projects Accounts

June 30, 2023

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 2,615,540	441,817	3,057,357
Receivables:			
Property tax:			
Delinquent	-	2,145	2,145
Succeeding year	-	127,000	127,000
Due from other governments	135,660	527,316	662,976
Total assets	\$ 2,751,200	1,098,278	3,849,478
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 305,690	-	305,690
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	127,000	127,000
Other	-	527,316	527,316
Total deferred inflows of resources	-	654,316	654,316
Fund balances:			
Restricted for:			
School infrastructure	2,445,510	-	2,445,510
Property, plant and equipment	-	443,962	443,962
Total fund balances	2,445,510	443,962	2,889,472
Total liabilities, deferred inflows of resources and fund balances	\$ 2,751,200	1,098,278	3,849,478

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, 2023

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Capital Project	
Revenues:				
Local sources:				
Local tax	\$ -	524,191	-	524,191
Other	100,182	14,988	-	115,170
State sources	1,927,873	49	-	1,927,922
Total revenues	2,028,055	539,228	-	2,567,283
Expenditures:				
Support services:				
Instructional staff	191,336	9,621	-	200,957
Administration	166,974	-	-	166,974
Operation and maintenance of plant	1,430	-	-	1,430
Transportation	-	176,100	-	176,100
Total support services	359,740	185,721	-	545,461
Other expenditures:				
Facilities acquisition	925,802	104,839	323,937	1,354,578
Total other expenditures	1,285,542	290,560	323,937	1,900,039
Excess (Deficiency) of revenues over(under) expenditures	742,513	248,668	(323,937)	667,244
Other financing sources (uses):				
Transfers in	355,120	-	323,937	679,057
Transfers out	-	(150,893)	-	(150,893)
Total other financing sources (uses)	355,120	(150,893)	323,937	528,164
Change in fund balances	1,097,633	97,775	-	1,195,408
Fund balances beginning of year	1,347,877	346,187	-	1,694,064
Fund balances end of year	\$ 2,445,510	443,962	-	2,889,472

See accompanying independent auditor's report.

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

Year ended June 30, 2023

	Parent Teacher Community Organization	Band Boosters	South Central Conference Activities	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 42,387	15,168	1,196	58,751
Net Position				
Restricted for individuals, organizations and other governments	\$ 42,387	15,168	1,196	58,751

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, 2023

	Parent Teacher Community Organization	Band Boosters	South Central Conference Activities	Total
Additions:				
Local sources:				
Interest	\$ 2,286	525	236	3,047
Membership dues	-	-	9,600	9,600
Fundraisers	3,353	2,437	-	5,790
Donations	2,745	3,772	-	6,517
Total additions	8,384	6,734	9,836	24,954
Deductions:				
Agency remittances:				
Recipient payments	14,603	903	12,811	28,317
Changes in net position	(6,219)	5,831	(2,975)	(3,363)
Net position beginning of year	48,606	9,337	4,171	62,114
Net position end of year	\$ 42,387	15,168	1,196	58,751

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

	2023	2022	2021	2020
Revenues:				
Local sources:				
Local tax	\$ 6,798,728	6,477,250	6,334,760	5,678,006
Tuition	449,158	286,432	321,291	271,473
Other	870,803	435,951	824,934	642,800
State sources	13,485,621	12,926,075	12,551,362	12,558,217
Federal sources	1,611,043	1,985,855	1,154,499	638,328
Total	\$ 23,215,353	22,111,563	21,186,846	19,788,824
Expenditures:				
Instruction:				
Regular instruction	\$ 7,411,974	8,455,653	8,015,559	7,163,327
Special instruction	2,479,486	2,433,016	2,597,934	2,679,372
Other instruction	2,961,516	2,505,524	2,161,230	2,119,876
Support services:				
Student	396,063	516,035	472,327	461,221
Instructional staff	443,587	426,448	657,484	1,032,882
Administration	1,892,665	1,638,133	1,831,633	1,886,998
Operation and maintenance of plant	1,441,308	1,373,171	1,697,165	1,468,995
Transportation	957,381	695,201	568,856	587,449
Non-instructional programs	2,771	30,308	24,685	14,812
Other expenditures:				
Facilities acquisition	1,354,578	1,060,709	4,187,729	12,834,397
Long-term debt:				
Principal	555,430	687,572	684,504	704,113
Interest and other charges	385,488	394,025	413,225	448,802
AEA flowthrough	683,609	675,063	672,440	662,169
Total	\$ 20,965,856	20,890,858	23,984,771	32,064,413

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.

2019	2018	2017	2016	2015	2014
5,547,815	5,228,093	5,440,410	5,066,478	5,141,298	5,064,753
282,949	382,676	390,580	252,433	190,085	209,509
683,970	638,790	585,967	576,847	748,570	792,685
12,457,967	11,651,623	11,807,038	11,205,874	11,132,412	10,746,125
619,803	604,873	665,283	522,601	546,713	477,925
19,592,504	18,506,055	18,889,278	17,624,233	17,759,078	17,290,997
6,864,443	6,981,649	6,814,494	6,291,828	6,038,414	6,097,620
2,704,917	2,685,949	2,511,170	2,439,331	2,314,584	2,274,947
2,373,147	2,270,813	2,167,759	2,131,772	1,903,532	1,422,447
501,492	393,078	350,867	364,999	354,351	610,956
676,684	454,638	1,032,821	584,669	331,479	420,875
1,812,350	1,542,784	1,418,369	1,413,310	1,358,186	1,324,225
1,516,396	1,605,426	1,976,185	1,645,852	1,326,744	1,227,058
725,358	801,222	949,302	751,247	855,366	1,007,304
10,057	8,586	9,114	11,446	20,116	13,185
3,976,441	700,470	631,471	1,122,921	594,497	420,292
1,002,090	165,684	1,169,643	492,505	613,788	594,017
271,000	-	40,057	48,055	67,207	84,735
655,835	623,179	612,234	608,731	609,523	578,176
23,090,210	18,233,478	19,683,486	17,906,666	16,387,787	16,075,837

Clarke Community School District

Clarke Community School District
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2023

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	FY23	\$ 99,173
National School Lunch Program	10.555	FY23	555,902 *
			655,075
Fresh Fruit and Vegetable Program	10.582	FY23	11,481
Total U.S. Department of Agriculture			666,556
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY23	359,153
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	FY23	47,811
Student Support and Academic Enrichment Program	84.424	FY23	22,546
Education Stabilization Fund			
COVID-19, Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	CRRSA ESSER II	89,823
COVID-19, American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	ARP ESSER III	891,680
			981,503
Passed through Green Hills Area Education Agency:			
Special Education Cluster:			
Special Education Grants to States	84.027	FY23	69,617
Passed through Southwestern Community College:			
Career and Technical Education -- Basic Grants to States	84.048	FY23	6,179
Total U.S. Department of Education			1,486,809
Total			\$ 2,153,365

* 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, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only 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**

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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, 2023, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 18, 2024.

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, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

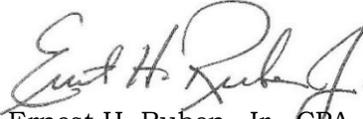
Clarke Community School District's Responses to Findings

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

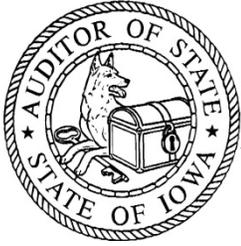
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in 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
Chief Deputy Auditor of State

March 18, 2024

Clarke Community School District



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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, 2023. Clarke Community School District's major federal programs are identified in Part I 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, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Clarke Community School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe 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 GAAS, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about Clarke Community School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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.

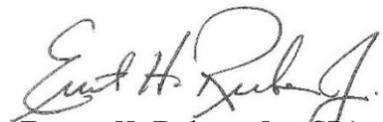
Report on Internal Control Over Compliance

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.



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

March 18, 2024

Clarke Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) 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 84.425 – 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, 2023

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, 2023

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, 2023

Part IV: Other Findings Related To Required Statutory Reporting:

2023-A Certified Budget – Expenditures for the year ended June 30, 2023 exceeded the certified budget amount in the non-instructional programs 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 – The District will review and ensure recalculations are completed to ensure that if an amendment to the budget year is needed that proper procedure is followed.

Conclusion – Response accepted.

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

2023-C Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

2023-D Business Transactions – No business transactions between the District and District officials or employees were noted.

2023-E Restricted Donor Activity – No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2023-F Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

2023-G Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

2023-H Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

2023-I Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

2023-J 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, 2023

- 2023-K Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- 2023-L Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- 2023-M Statewide Sales, Services and Use Tax – No instances of non-compliance with the 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, 2023, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Beginning balance		\$ 1,347,877
Revenues/transfers in:		
Statewide sales, services and use tax	\$ 1,927,873	
Interest on investments	100,182	
Transfers in	<u>355,120</u>	2,383,175
Expenditures/transfers out:		
School infrastructure construction	925,802	
Equipment	<u>359,740</u>	<u>1,285,542</u>
Ending balance		<u>\$ 2,445,510</u>

For the year ended June 30, 2023, 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	\$ 4.579	<u>\$ 1,927,873</u>

Clarke Community School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

2023-N Deficit Balance – The following Special Revenue Fund, Student Activity Account had a deficit balance at June 30, 2023: Speech/Debate \$2,306.

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

Response – The District will continue to monitor the Student Activity Accounts to reduce chances of a deficit balance in any individual account. Speech/Debate Teams qualified for the national competition out of state and there was not enough time to timely fundraise for the event. Currently, in FY24 the account is not in a deficit.

Conclusion – Response accepted.

Clarke Community School District

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Chief Deputy
Lesley R. Geary, CPA, Manager
Prem Gobin, Senior Auditor II
Charlie P. Duff, Staff Auditor
Roxanne R. Stotler, Staff Auditor