



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

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

Rob Sand  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

June 23, 2025

Contact: Brian Brustkern  
515/281-5834

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 \$26,956,315 for the year ended June 30, 2024, a 7.9% increase over the prior year. Expenses for the District operations for the year ended June 30, 2024 totaled \$21,695,414, an 11.5% increase over the prior year. The increase in revenues is due primarily to an increase in ESSER funding and insurance reimbursements for damage to District facilities. The increase in expenditures is due primarily to an increase in capital projects and the hiring of additional staff.

**AUDIT FINDINGS:**

Sand reported seven findings related to the receipt and expenditure of taxpayer funds. They are found on pages 89 through 94 of this report. The findings address material adjustments needed to properly record payables and capital assets and expenditures exceeding budget. Sand provided the District with recommendations to address each of the findings.

Two of the 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](#).

# # #

**CLARKE COMMUNITY SCHOOL DISTRICT**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2024**

**Clarke Community School District**



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Telephone (515) 281-5834

Rob Sand  
Auditor of State

June 11, 2025

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, 2024. 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", written in a cursive style.

Rob Sand  
Auditor of State

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## Clarke Community School District

### Officials

(Before November 2023)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
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

Kurt DeVore	Superintendent	Indefinite
April Hughes	District Secretary/Treasurer and Business Manager	Indefinite
Danielle Haindfield, Ahlers & Cooney Law, P.C.	Attorney	Indefinite

(After November 2023)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Wendy Short	President	2027
Brad Lampe	Vice President	2027
Robin Galvez	Board Member	2025
Ben Hicks	Board Member	2025
Ann Lovell	Board Member	2025
Tyrel Blackford	Board Member	2027
Rosaura (Edith) Flores	Board Member	2027

### School Officials

Kurt DeVore	Superintendent	Indefinite
April Hughes	District Secretary/Treasurer and Business Manager	(Resigned Apr 2024)
Shonna Trudo (Appointed May 2024)	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 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 0, 2024, 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 accompanying 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, 2024 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 the 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 judgment 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 judgment 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 judgment, 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 IPERS Net Pension Liability, the Schedule of District IPERS Contributions, the Schedule of Changes in the District's Total Supplemental Pension Liability, Related Ratios and Notes and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 54 through 70 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, 2023 (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 June 11, 2025 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.



Brian R. Brustkern, CPA  
Deputy Auditor of State

June 11, 2025

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### 2024 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$18,642,166 in fiscal year 2023 to \$20,681,314 in fiscal year 2024 while General Fund expenditures increased from \$17,218,432 in fiscal year 2023 to \$18,552,587 in fiscal year 2024. The District's General Fund balance increased from \$1,924,905 at the end of fiscal year 2023 to \$2,505,050 at the end of fiscal year 2024, a 30.1% increase.
- The increase in General Fund revenues was primarily attributable to an increase in taxes and federal funding. The increase in expenditures was due primarily to an increase in spending on support services.

### 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 and business type activities 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, 2024 compared to June 30, 2023.

	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,
	2024	2023	2024	2023	2024	2023	2023-2024
Current and other assets	\$ 17,270	14,941	991	1,225	18,261	16,166	2,095
Capital assets	36,123	33,630	121	52	36,244	33,682	2,562
Total assets	53,393	48,571	1,112	1,277	54,505	49,848	4,657
Deferred outflows of resources	2,626	1,763	59	38	2,685	1,801	884
Long-term liabilities	16,192	16,364	140	124	16,332	16,488	(156)
Other liabilities	3,104	2,420	99	65	3,203	2,485	718
Total liabilities	19,296	18,784	239	189	19,535	18,973	562
Deferred inflows of resources	7,480	7,753	18	27	7,498	7,780	(282)
Net position:							
Net investment in capital assets	26,271	23,219	121	52	26,392	23,271	3,121
Restricted	4,720	3,966	-	-	4,720	3,966	754
Unrestricted	(1,748)	(3,388)	793	1,047	(955)	(2,341)	1,386
Total net position	\$ 29,243	23,797	914	1,099	30,157	24,896	5,261

The District's total net position increased 21.1%, or approximately \$5,261,000, over the prior year. One portion of the District's net position is net investment in capital assets (e.g., land, infrastructure, intangibles, buildings, equipment and right-to-use leased 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 13.4%, or approximately \$3,121,000, over the prior year primarily due to a remodel project at the elementary school 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 \$754,000, or 19.0%, over the prior year. The increase in restricted net position is due to an increase in unrestricted state grants, income surtax and property taxes 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 \$1,386,000, or 59.2%.

The analysis which follows shows the change in net position for the year ended June 30, 2024 compared to the year ended June 30, 2023.

	<b>Change in Net Position (Expressed in Thousands)</b>						
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2024	2023	2024	2023	2024	2023	2023-2024
Revenues:							
Program revenues:							
Charges for service	\$ 851	893	216	214	1,067	1,107	(40)
Operating grants, contributions and restricted interest	4,553	3,675	638	672	5,191	4,347	844
Capital grants, contributions and restricted interest	462	-	-	-	462	-	462
General revenues:							
Property tax	6,594	6,448	-	-	6,594	6,448	146
Statewide sales, services and use tax	1,900	1,928	-	-	1,900	1,928	(28)
Income surtax	1,285	1,228	-	-	1,285	1,228	57
Unrestricted state grants	9,927	9,377	-	-	9,927	9,377	550
Unrestricted investment earnings	331	200	64	48	395	248	147
Other	135	291	-	-	135	291	(156)
Total revenues	26,038	24,040	918	934	26,956	24,974	1,982
Program expenses:							
Instruction	12,552	11,690	-	-	12,552	11,690	862
Support services	5,963	4,896	-	-	5,963	4,896	1,067
Non-instructional programs	16	3	1,103	836	1,119	839	280
Other expenses	2,061	2,028	-	-	2,061	2,028	33
Total expenses	20,592	18,617	1,103	836	21,695	19,453	2,242
Change in net position	5,446	5,423	(185)	98	5,261	5,521	(260)
Net position beginning of year, as restated	23,797	18,374	1,099	1,001	24,896	19,375	5,521
Net position end of year	\$ 29,243	23,797	914	1,099	30,157	24,896	5,261

In fiscal year 2024, property tax and unrestricted state grants accounted for 63.4% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 93.0% of business type activities revenue. The District's total revenues were approximately \$26.9 million, of which approximately \$26.0 million was for governmental activities and approximately \$0.9 million was for business type activities.

As shown in the analysis, the District as a whole experienced a 7.9% increase in revenues and an 11.5% increase in expenses. The increase in expenses is due primarily to an increase in capital projects and the hiring of additional staff.

**Governmental Activities**

Revenues for governmental activities were \$26,037,943 and expenses were \$20,591,788 for the year ended June 30, 2024.

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, 2024 compared to the year ended June 30, 2023.

	<b>Total and Net Cost of Governmental Activities (Expressed in Thousands)</b>			
	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Instruction	\$ 12,552	11,690	9,576	8,638
Support services	5,963	4,896	3,778	4,064
Non-instructional programs	16	3	16	3
Other expenses	2,061	2,028	1,356	1,345
Total	\$ 20,592	18,617	14,726	14,050

- The cost financed by users of the District’s programs was \$851,076.
- Federal and state governments subsidized certain operating programs with grants and contributions totaling \$4,553,175.
- The net cost of governmental activities was financed with \$6,594,549 of property tax and \$9,926,876 of unrestricted state grants.

**Business Type Activities**

Revenues for business type activities during the year ended June 30, 2024 were \$918,372, a 1.7% decrease from the prior year, and expenses totaled \$1,103,626, a 32.1% 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 \$6,917,290, a 28.0% increase over last year’s ending fund balance of \$5,404,463. The change is a result of increases in revenues and transfers of ESSER funds into the Capital Project fund.

### **Governmental Fund Highlights**

- The General Fund balance increased from \$1,924,905 at June 30, 2023 to \$2,505,050 at June 30, 2024. Revenue increased 10.9% primarily due to the increase of income surtax implemented in fiscal year 2023, while expenditures increased 7.7%.
- The Special Revenue, Management Levy Fund balance increased from \$323,418 at June 30, 2023 to \$512,404 at June 30, 2024. Revenue decreased 3.1%, while expenditures decreased 1.9%.
- The Debt Service Fund balance increased from \$182,845 at June 30, 2023 to \$224,133 at June 30, 2024. Revenue increased \$25,486, primarily due to receipt of two-tier assessment. Expenditures decreased \$47,693, primarily due to the completion of lease payments on chrome books in fiscal year 2023.
- The Capital Projects Fund balance increased from \$2,889,472 at June 30, 2023 to \$3,577,177 at June 30, 2024. Revenues increased \$704,216, or 27.4%, primarily due to an increase in income surtax implemented in fiscal year 2023. Expenditures increased \$2,235,398, or 117.7%, primarily due to elementary school renovations.

### **Proprietary Fund Highlights**

School Nutrition Fund net position decreased from \$1,099,635 at June 30, 2023 to \$914,381 at June 30, 2024, a decrease of 16.8%. Expenditures increased \$268,269, or 32.1%, primarily due to an increase in cost of purchased food.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Clarke Community School District amended its budget one time to reflect additional expenditures associated with support services, increased labor and food costs, and facility construction.

The District's total revenues were \$3,420,588 more than budgeted revenues, a variance of 14.5%. The variance primarily resulted from the District receiving income surtax during the year that was budgeted in the prior year and more revenue from federal sources for ESSER projects than originally anticipated.

Total expenditures were \$874,300 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, 2024, the District invested approximately \$36.2 million, net of accumulated depreciation, in a broad range of capital assets, including the current year remodel project at the elementary school. 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 \$1,252,807.

The original cost of the District's capital assets was approximately \$52.7 million. Governmental funds account for approximately \$52.4 million of the District's capital assets, with the remaining \$0.3 million accounted for in the Enterprise, School Nutrition Fund.

<b>Capital Assets, net of Depreciation (Expressed in Thousands)</b>								
	Governmental Activities		Business Type Activities		Total District		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023	June 30,	
Land	\$ 238	238	-	-	238	238	-	0.0%
Construction in progress	2,037	962	-	-	2,037	962	1,075	111.7%
Buildings	29,516	27,920	-	-	29,516	27,920	1,596	5.7%
Improvements other than buildings	3,593	3,838	-	-	3,593	3,838	(245)	-6.4%
Furniture and equipment	667	581	121	52	788	633	155	24.5%
Right-to-use leased equipment	71	91	-	-	71	91	(20)	-22.0%
Total	\$ 36,122	33,630	121	52	36,243	33,682	2,561	7.6%

### Long-Term Debt

At June 30, 2024, the District had approximately \$9,852,000 of total long-term debt outstanding, a decrease of 5.4%. Additional information about the District's long-term liabilities is presented in Note 5 to the financial statements.

<b>Outstanding Long-Term Liabilities (Expressed in Thousands)</b>			
	Total District		Total Change
	June 30,		June 30,
	2024	2023	2023-2024
General obligation bonds	\$ 9,780	10,320	-5.2%
Lease agreements	72	92	21.7%
	\$ 9,852	10,412	-5.4%

## **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:

- 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 2024-25 and 2025-2026.
- 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.
- 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.
- 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 Angela Williams, 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, 2024

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 9,340,206	974,792	10,314,998
Receivables:			
Property tax:			
Delinquent	75,718	-	75,718
Succeeding year	6,049,000	-	6,049,000
Accounts	7,594	-	7,594
Due from other governments	1,752,406	7,928	1,760,334
Inventories	-	8,250	8,250
Prepaid items	45,130	-	45,130
Capital assets not being depreciated	2,274,729	-	2,274,729
Capital assets, net of accumulated depreciation/amortization	33,847,766	121,325	33,969,091
<b>Total assets</b>	<b>53,392,549</b>	<b>1,112,295</b>	<b>54,504,844</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	2,122,043	43,080	2,165,123
OPEB related deferred outflows	503,820	15,582	519,402
<b>Total deferred outflows of resources</b>	<b>2,625,863</b>	<b>58,662</b>	<b>2,684,525</b>

## Clarke Community School District

## Statement of Net Position

June 30, 2024

	Governmental Activities	Business Type Activities	Total
<b>Liabilities</b>			
Accounts payable	493,503	17,228	510,731
Salaries and benefits payable	1,678,791	68,602	1,747,393
Due to other governments	905,820	-	905,820
Accrued interest payable	26,229	-	26,229
Unearned revenue	-	13,187	13,187
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	560,000	-	560,000
Lease agreement	19,696	-	19,696
Compensated absences	39,243	-	39,243
Total OPEB liability	59,885	-	59,885
Portion due after one year:			
General obligation bonds	9,220,000	-	9,220,000
Lease agreement	52,740	-	52,740
Total OPEB liability	741,103	24,773	765,876
Net pension liability	5,498,764	115,275	5,614,039
<b>Total liabilities</b>	<b>19,295,774</b>	<b>239,065</b>	<b>19,534,839</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	6,049,000	-	6,049,000
Pension related deferred inflows	1,128,057	8,149	1,136,206
OPEB related deferred inflows	302,709	9,362	312,071
<b>Total deferred inflows of resources</b>	<b>7,479,766</b>	<b>17,511</b>	<b>7,497,277</b>
<b>Net position</b>			
Net investment in capital assets	26,270,944	121,325	26,392,269
Restricted for:			
Categorical funding	285,322	-	285,322
Debt service	197,904	-	197,904
Physical plant and equipment levy	544,867	-	544,867
School infrastructure	3,593,776	-	3,593,776
Student activities	98,526	-	98,526
Unrestricted	(1,748,467)	793,056	(955,411)
<b>Total net position</b>	<b>\$ 29,242,872</b>	<b>914,381</b>	<b>30,157,253</b>

See notes to financial statements.

Clarke Community School District

Statement of Activities

Year ended June 30, 2024

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Instruction:				
Regular instruction	\$ 6,937,613	310,871	1,091,738	-
Special instruction	2,567,431	243,944	222,615	-
Other instruction	3,046,300	282,368	823,640	-
	<u>12,551,344</u>	<u>837,183</u>	<u>2,137,993</u>	<u>-</u>
Support services:				
Student	349,004	-	57,883	-
Instructional staff	688,620	-	40,917	-
Administration	2,218,101	13,418	-	-
Operation and maintenance of plant	1,752,310	475	1,551,643	461,636
Transportation	955,363	-	59,843	-
	<u>5,963,398</u>	<u>13,893</u>	<u>1,710,286</u>	<u>461,636</u>
Non-instructional programs	<u>16,263</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Long-term debt interest	351,514	-	-	-
AEA flowthrough	704,896	-	704,896	-
Depreciation/amortization (unallocated)*	1,004,373	-	-	-
	<u>2,060,783</u>	<u>-</u>	<u>704,896</u>	<u>-</u>
Total governmental activities	<u>20,591,788</u>	<u>851,076</u>	<u>4,553,175</u>	<u>461,636</u>
Business type activities:				
Non-instructional programs:				
Food service operations	<u>1,103,626</u>	<u>216,109</u>	<u>638,524</u>	<u>-</u>
Total	<u>\$ 21,695,414</u>	<u>1,067,185</u>	<u>5,191,699</u>	<u>461,636</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

Net position end of year

\* This amount excludes the depreciation/amortization 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
(5,535,004)	-	(5,535,004)
(2,100,872)	-	(2,100,872)
(1,940,292)	-	(1,940,292)
(9,576,168)	-	(9,576,168)
(291,121)	-	(291,121)
(647,703)	-	(647,703)
(2,204,683)	-	(2,204,683)
261,444	-	261,444
(895,520)	-	(895,520)
(3,777,583)	-	(3,777,583)
(16,263)	-	(16,263)
(351,514)	-	(351,514)
-	-	-
(1,004,373)	-	(1,004,373)
(1,355,887)	-	(1,355,887)
(14,725,901)	-	(14,725,901)
-	(248,993)	(248,993)
(14,725,901)	(248,993)	(14,974,894)
\$ 5,558,969	-	5,558,969
893,869	-	893,869
141,711	-	141,711
1,900,294	-	1,900,294
1,284,827	-	1,284,827
9,926,876	-	9,926,876
330,666	63,739	394,405
14,784	-	14,784
120,060	-	120,060
20,172,056	63,739	20,235,795
5,446,155	(185,254)	5,260,901
23,796,717	1,099,635	24,896,352
\$ 29,242,872	914,381	30,157,253



**Exhibit C**

## Clarke Community School District

Balance Sheet  
Governmental Funds

June 30, 2024

	Special Revenue		Debt Service	Capital Projects	Nonmajor		Total
	General	Management Levy			Student Activities		
<b>Assets</b>							
Cash, cash equivalents and pooled investments	\$ 4,779,180	503,725	214,234	3,699,926	110,606		9,307,671
Receivables:							
Property tax:							
Delinquent	55,571	8,679	9,899	1,569	-		75,718
Succeeding year	4,351,000	720,000	802,000	176,000	-		6,049,000
Accounts	1,370	-	-	-	6,224		7,594
Due from other governments	1,016,085	-	-	736,321	-		1,752,406
Prepaid items	45,130	-	-	-	-		45,130
<b>Total assets</b>	<b>\$ 10,248,336</b>	<b>1,232,404</b>	<b>1,026,133</b>	<b>4,613,816</b>	<b>116,830</b>		<b>17,237,519</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ 176,727	-	-	299,173	17,603		493,503
Salaries and benefits payable	1,678,370	-	-	-	421		1,678,791
Due to other governments	905,540	-	-	-	280		905,820
Total liabilities	2,760,637	-	-	299,173	18,304		3,078,114
Deferred inflows of resources:							
Unavailable revenues:							
Succeeding year property tax	4,351,000	720,000	802,000	176,000	-		6,049,000
Other	631,649	-	-	561,466	-		1,193,115
Total deferred inflows of resources	4,982,649	720,000	802,000	737,466	-		7,242,115
Fund balances:							
Nonspendable:							
Prepaid items	45,130	-	-	-	-		45,130
Restricted for:							
Categorical funding	285,322	-	-	-	-		285,322
Management levy purposes	-	512,404	-	-	-		512,404
Debt service	-	-	224,133	-	-		224,133
Student activities	-	-	-	-	98,526		98,526
School infrastructure	-	-	-	3,593,776	-		3,593,776
Unassigned	2,174,598	-	-	(16,599)	-		2,157,999
Total fund balances	2,505,050	512,404	224,133	3,577,177	98,526		6,917,290
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 10,248,336</b>	<b>1,232,404</b>	<b>1,026,133</b>	<b>4,613,816</b>	<b>116,830</b>		<b>17,237,519</b>

See notes to financial statements.

## Clarke Community School District

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

June 30, 2024

<b>Total fund balances of governmental funds (page 22)</b>	\$ 6,917,290
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***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.

36,122,495

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.

32,535

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.

1,193,115

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.

(26,229)

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	\$ 2,625,863	
Deferred inflows of resources	<u>(1,430,766)</u>	1,195,097

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.

(16,191,431)**Net position of governmental activities (page 19)**\$ 29,242,872

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, 2024

	Special Revenue		Debt Service	Capital Projects	Nonmajor		Total
	General	Management Levy			Student Activities		
Revenues:							
Local sources:							
Local tax	\$ 5,514,814	750,566	893,869	709,788	-		7,869,037
Tuition	374,682	-	-	-	-		374,682
Other	364,904	12,657	22,468	658,535	355,422		1,413,986
State sources	12,250,554	15,937	18,176	1,903,176	-		14,187,843
Federal sources	2,176,360	-	-	-	-		2,176,360
Total revenues	20,681,314	779,160	934,513	3,271,499	355,422		26,021,908
Expenditures:							
Current:							
Instruction:							
Regular	7,144,493	174,965	-	-	-		7,319,458
Special	2,670,192	10,126	-	-	-		2,680,318
Other	2,840,127	8,867	-	-	335,796		3,184,790
	12,654,812	193,958	-	-	335,796		13,184,566
Support services:							
Student	380,335	4,084	-	-	-		384,419
Instructional staff	637,300	2,307	-	106,760	100		746,467
Administration	2,036,134	23,037	-	174,599	-		2,233,770
Operation and maintenance of plant	1,388,225	274,047	-	24,427	-		1,686,699
Transportation	750,885	76,479	-	232,789	4,823		1,064,976
	5,192,879	379,954	-	538,575	4,923		6,116,331
Non-instructional programs	-	16,262	-	-	-		16,262
Other expenditures:							
Facilities acquisition	-	-	-	3,596,862	-		3,596,862
Long-term debt:							
Principal	-	-	540,000	-	-		540,000
Interest and other charges	-	-	353,225	-	-		353,225
AEA flowthrough	704,896	-	-	-	-		704,896
	704,896	-	893,225	3,596,862	-		5,194,983
Total expenditures	18,552,587	590,174	893,225	4,135,437	340,719		24,512,142
Excess (deficiency) of revenues over (under) expenditures	2,128,727	188,986	41,288	(863,938)	14,703		1,509,766
Other financing sources (uses):							
Sale of capital assets	3,061	-	-	-	-		3,061
Transfers in	-	-	-	1,551,643	-		1,551,643
Transfers out	(1,551,643)	-	-	-	-		(1,551,643)
Total other financing sources (uses)	(1,548,582)	-	-	1,551,643	-		3,061
Change in fund balances	580,145	188,986	41,288	687,705	14,703		1,512,827
Fund balances beginning of year	1,924,905	323,418	182,845	2,889,472	83,823		5,404,463
Fund balances end of year	\$ 2,505,050	512,404	224,133	3,577,177	98,526		6,917,290

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, 2024

**Change in fund balances - total governmental funds (page 24)** \$ 1,512,827

***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. Capital outlay expenditures exceeded depreciation/amortization expense in the current year, as follows:

Expenditures for capital assets	\$ 3,732,966	
Depreciation expense	<u>(1,240,805)</u>	2,492,161

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		6,653
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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.

559,306

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.

1,006,473

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	(2,386)	
OPEB expense	(65,142)	
Pension expense	(328,850)	
Net supplemental pension liability	258,719	
Interest on long-term debt	<u>1,711</u>	(135,948)

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.

4,683

**Change in net position of governmental activities (page 21)** \$ 5,446,155

See notes to financial statements.

**Exhibit G**

## Clarke Community School District

Statement of Net Position  
Proprietary Funds

June 30, 2024

	Business Type Activities	Governmental Activities
	Enterprise - School Nutrition	Internal Service - Flex Spending
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 974,792	32,535
Due from other governments	7,928	-
Inventories	8,250	-
Total current assets	990,970	32,535
Noncurrent assets:		
Capital assets, net of accumulated depreciation	121,325	-
<b>Total assets</b>	<b>1,112,295</b>	<b>32,535</b>
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	43,080	-
OPEB related deferred outflows	15,582	-
<b>Total deferred outflows of resources</b>	<b>58,662</b>	<b>-</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	17,228	-
Salaries and benefits payable	68,602	-
Unearned student meals	13,187	-
Total current liabilities	99,017	-
Noncurrent liabilities:		
Total OPEB liability	24,773	-
Net pension liability	115,275	-
Total noncurrent liabilities	140,048	-
<b>Total liabilities</b>	<b>239,065</b>	<b>-</b>
<b>Deferred inflows of resources</b>		
Pension related deferred inflows	8,149	-
OPEB related deferred inflows	9,362	-
<b>Total deferred inflows of resources</b>	<b>17,511</b>	<b>-</b>
<b>Net Position</b>		
Net investment in capital assets	121,325	-
Unrestricted	793,056	32,535
<b>Total net position</b>	<b>\$ 914,381</b>	<b>32,535</b>

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, 2024

	Business Type Activities	Governmental Activities
	Enterprise - School Nutrition	Internal Service - Flex Spending
Operating revenues:		
Local sources:		
Charges for service	\$ 216,109	-
Employee contributions	-	51,724
Total operating revenues	216,109	51,724
Operating expenses:		
Non-instructional programs:		
Food service operations:		
Salaries	370,944	-
Benefits	87,141	-
Purchased services	8,657	-
Supplies	624,882	-
Depreciation	12,002	-
Other	-	53,362
Total operating expenses	1,103,626	53,362
Operating loss	(887,517)	(1,638)
Non-operating revenues:		
State sources	5,333	-
Federal sources	633,191	-
Interest income	63,739	6,321
Total non-operating revenues	702,263	6,321
Increase (decrease) in net position	(185,254)	4,683
Net position beginning of year	1,099,635	27,852
Net position end of year	\$ 914,381	32,535

See notes to financial statements.

**Exhibit I**

## Clarke Community School District

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2024

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise - School Nutrition</u>	<u>Internal Service - Flex Spending</u>
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 217,329	-
Cash received from miscellaneous operating activities	-	51,724
Cash paid for salaries and to suppliers for goods or services	<u>(1,024,253)</u>	<u>(53,362)</u>
Net cash used by operating activities	<u>(806,924)</u>	<u>(1,638)</u>
Cash flows from non-capital financing activities:		
State grants received	5,333	-
Federal grants received	<u>582,935</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>588,268</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(80,989)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>63,739</u>	<u>6,321</u>
Change in cash and cash equivalents	(235,906)	4,683
Cash and cash equivalents beginning of year	<u>1,210,698</u>	<u>27,852</u>
Cash and cash equivalents end of year	<u>\$ 974,792</u>	<u>32,535</u>

Clarke Community School District

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2024

	Business Type Activities	Governmental Activities
	Enterprise - School Nutrition	Internal Service - Flex Spending
<b>Reconciliation of operating loss to net cash used by operating activities:</b>		
Operating loss	\$ (887,517)	(1,638)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Commodities used	42,328	-
Depreciation	12,002	-
Change in assets and liabilities:		
Accounts receivable	222	-
Inventories	1,836	-
Prepaid items	3,626	-
Deferred outflows of resources	(20,560)	-
Accounts payables	11,817	-
Salaries and benefits payable	20,774	-
Total OPEB liability	2,808	-
Unearned student meals	998	-
IPERS net pension liability	13,732	-
Deferred inflows of resources	(8,990)	-
Net cash used by operating activities	<u>\$ (806,924)</u>	<u>(1,638)</u>

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

During the year ended June 30, 2024, the District received 42,328 of federal commodities.

See notes to financial statements.



**Exhibit J**

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Clarke Community School District  
Statement of Fiduciary Net Position  
Fiduciary Funds

June 30, 2024

	<u>Private Purpose Trust</u>	<u>Custodial Funds</u>
	<u>Scholarship</u>	
<b>Assets</b>		
Cash and investments	<u>\$ 46,218</u>	<u>58,504</u>
<b>Liabilities</b>		
Accounts payable	<u>-</u>	<u>83</u>
<b>Net Position</b>		
Restricted for:		
Reserved for scholarships	46,218	-
Other governments	<u>-</u>	<u>58,421</u>
Total net position	<u>\$ 46,218</u>	<u>58,421</u>

See notes to financial statements.

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

Year ended June 30, 2024

	<u>Private Purpose Trust</u>	<u>Custodial Funds</u>
	<u>Scholarship</u>	
Additions:		
Local sources:		
Interest income, net of decrease in fair value	\$ 1,013	3,716
Other	1,400	28,357
Total additions	<u>2,413</u>	<u>32,073</u>
Deductions:		
Support services:		
Scholarships awarded	300	-
Recipient payments	<u>-</u>	<u>32,403</u>
Total deductions	<u>300</u>	<u>32,403</u>
Change in net position	2,113	(330)
Net position beginning of year	<u>44,105</u>	<u>58,751</u>
Net position end of year	<u>\$ 46,218</u>	<u>58,421</u>

See notes to financial statements.

Clarke Community School District

Notes to Financial Statements

Year ended June 30, 2024

**(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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for 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 1½% per month penalty for delinquent payments; is based on January 1, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2023.

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 are tangible and intangible assets, which include property, furniture and equipment and infrastructure assets are reported in the 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 four years.

Asset Class	Amount
Land	\$ 500
Buildings	500
Improvements other than buildings	5,000
Right-to-use subscription assets	50,000
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
Right-to-use subscription assets	5 - 20
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, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

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

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation 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, 2024. 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 and business-type activities will be paid primarily by the General Fund and the Enterprise, School Nutrition 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 Clarke 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.

Unearned Revenue – Unearned revenue is monies collected for food service that has not yet been served. The meal account balances will either be reimbursed or recognized as revenue when food service is provided.

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

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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 classification.

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, 2024, 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, 2024 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, 2024, the District had the following investment:

<u>Investment</u>	<u>Fair Value</u>
Alliant Energy Corporation Common stock	<u>\$ 19,953</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 \$19,953 was determined using the closing share price on June 30, 2024. (Level 1 input)

### (3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2024 is as follows:

Transfer to	Transfer from	Amount
Capital Projects:		
Statewide Sales,		
Services and		
Use Tax	General	<u>\$ 1,551,643</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, 2024 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 238,022	-	-	238,022
Construction in progress	961,693	2,036,707	(961,693)	2,036,707
Total capital assets not being depreciated/amortized	1,199,715	2,036,707	(961,693)	2,274,729
Capital assets being depreciated/amortized:				
Buildings	37,231,148	2,355,218	-	39,586,366
Improvements other than buildings	6,004,978	-	-	6,004,978
Furniture and equipment	4,170,770	302,734	(41,399)	4,432,105
Right-to-use leased equipment	99,839	-	-	99,839
Total capital assets being depreciated/amortized	47,506,735	2,657,952	(41,399)	50,123,288
Less accumulated depreciation/amortization for:				
Buildings	9,311,408	759,195	-	10,070,603
Improvements other than buildings	2,166,702	245,178	-	2,411,880
Furniture and equipment	3,589,686	216,464	(41,399)	3,764,751
Right-to-use leased equipment	8,320	19,968	-	28,288
Total accumulated depreciation/amortization	15,076,116	1,240,805	(41,399)	16,275,522
Total capital assets being depreciated/amortized, net	32,430,619	1,417,147	-	33,847,766
Governmental activities capital assets, net	<u>\$ 33,630,334</u>	<u>3,453,854</u>	<u>(961,693)</u>	<u>36,122,495</u>
<b>Business type activities:</b>				
Furniture and equipment	\$ 223,511	80,989	(13,360)	291,140
Less accumulated depreciation	171,173	12,002	(13,360)	169,815
Business type activities capital assets, net	<u>\$ 52,338</u>	<u>68,987</u>	<u>-</u>	<u>121,325</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular instruction	\$ 14,510
Other instruction	15,671
Support services:	
Administration	72,141
Operation and maintenance of plant	19,358
Transportation	114,752
	<u>236,432</u>
Unallocated	1,004,373
Total depreciation expense - governmental activities	<u>\$ 1,240,805</u>
Business type activities:	
Food service operations	\$ 12,002

## (5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2024 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 10,320,000	-	540,000	9,780,000	560,000
Lease agreements	91,742	-	19,306	72,436	19,696
Compensated absences	36,857	66,591	64,205	39,243	39,243
Total OPEB liability	710,186	302,549	211,747	800,988	59,885
Net pension liability	5,205,203	689,363	395,802	5,498,764	-
Total	<u>\$ 16,363,988</u>	<u>1,058,503</u>	<u>1,231,060</u>	<u>16,191,431</u>	<u>678,824</u>
Business type activities:					
Total OPEB liability	\$ 21,965	2,808	-	24,773	-
Net pension liability	101,543	13,732	-	115,275	-
	<u>\$ 123,508</u>	<u>16,540</u>	<u>-</u>	<u>140,048</u>	<u>-</u>

### General Obligation Bonds

Details of the District's June 30, 2024 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
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	3.00	640,000	254,475	894,475
2030-2034	3.10-3.50	3,510,000	958,405	4,468,405
2035-2038	3.60-3.70	3,265,000	304,910	3,569,910
Total		<u>\$ 9,780,000</u>	<u>2,721,590</u>	<u>12,501,590</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, 2024, the District paid principal and interest of \$540,000 and \$352,625, respectively, on the general obligation bonds.

#### Lease Agreements

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 January 2028. During the year ended June 30, 2024, principal and interest paid were \$19,306 and \$1,658, 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
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		\$ 72,436	2,685	75,121

#### **(6) Pension Plans**

<b>Pension Plan Total Information</b>	Supplemental		
	IPERS	Pension	Total
Net pension liability	\$ 5,314,663	299,376	5,614,039
Deferred outflows of resources related to pensions	1,986,199	178,924	2,165,123
Deferred inflows of resources related to pensions	375,716	760,490	1,136,206
Pension expense (reduction)	336,140	(238,277)	97,863

#### **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](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general 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 2024, 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, 2024 totaled \$1,028,790.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the District reported a liability of \$5,314,663 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 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, 2023, the District's proportion was 0.117746% which was a decrease of 0.006165% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$336,140. At June 30, 2024, 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	\$ 449,628	21,845
Changes of assumptions	-	84
Net difference between projected and actual earnings on IPERS' investments	492,203	-
Changes in proportion and differences between District contributions and proportionate share of contributions	15,580	353,787
District contributions subsequent to the measurement date	1,028,788	-
Total	<u>\$ 1,986,199</u>	<u>375,716</u>

\$1,028,788 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, 2025. 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
2025	\$ (259,627)
2026	(503,412)
2027	1,145,972
2028	180,145
2029	18,617
Total	<u>\$ 581,695</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2023 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, 2023 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 2023 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	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
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	\$ 11,300,158	5,314,663	298,720

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

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, 2024.

### **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 \$10,000.

Retired participants must be age 55 or older at retirement. At June 30, 2024, the following employees were covered by the benefit terms:

Active employees	<u>214</u>
------------------	------------

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 \$299,376 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023.

Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Supplemental Pension – For the year ended June 30, 2024, the District recognized pension expense (reduction) of \$(238,277). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows 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	\$ -	701,313
Change in assumptions	178,924	59,177
Total	<u>\$ 178,924</u>	<u>760,490</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
2025	\$ (47,061)
2026	(47,061)
2027	(47,061)
2028	(47,061)
2029	(47,061)
Thereafter	<u>(346,261)</u>
	<u>\$ (581,566)</u>

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

Actuarial Assumptions – The total supplemental pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of salary (effective June 30, 2018)	3.25% per annum.
Discount rate (effective June 30, 2024)	3.97% compounded annually, net of investment expense, including inflation.

Discount Rate – The discount rate used to measure the total pension liability was 3.97% 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 Pub-2010 General mortality table with projected mortality improvements based on scale MP-2021. 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, 2023 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

### Changes in the Total Supplemental Pension Liability

	<u>Supplemental Pension Liability</u>
Total supplemental pension liability beginning of year	\$ 625,193
Changes for the year:	
Service cost	44,528
Interest on the total pension liability	25,457
Differences between expected and actual experiences	(112,296)
Change in assumption	(1,863)
Change of benefit terms	(261,201)
Benefit payments	(20,442)
Net changes	(325,817)
Total supplemental pension liability end of year	<u>\$ 299,376</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 (2.97%) or 1% higher (4.97%) than the current discount rate.

	1% Decrease (2.97%)	Discount Rate (3.97%)	1% Increase (4.97%)
Total supplemental pension liability	\$ 313,823	299,376	285,232

### **(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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	12
Active employees	<u>214</u>
Total	<u>226</u>

Total OPEB Liability – The District's total OPEB liability of \$825,761 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023.

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, 2024)	2.50% per annum.
Rates of salary increase (effective June 30, 2018)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2024)	3.97% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2024)	7.60% initial rate decreasing gradually to an ultimate rate of 3.90%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.97% 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 Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021 and other adjustments.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 732,151
Changes for the year:	
Service cost	61,918
Interest	29,495
Differences between expected and actual experiences	213,944
Changes in assumptions	(151,862)
Benefit payments	(59,885)
Net changes	93,610
Total OPEB liability end of year	<u>\$ 825,761</u>

Changes of assumptions reflect a change in the discount rate from 3.86% in fiscal year 2023 to 3.97% in fiscal year 2024.

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 (2.97%) or 1% higher (4.97%) than the current discount rate.

	1% Decrease (2.97%)	Discount Rate (3.97%)	1% Increase (4.97%)
Total OPEB liability	\$ 886,715	825,761	769,024

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 (6.60%) or 1% higher (8.60%) than the current healthcare cost trend rates.

	1% Decrease (6.60%)	Healthcare Cost Trend Rate (7.60%)	1% Increase (8.60%)
Total OPEB liability	\$ 734,592	825,761	935,108

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2024, the District recognized OPEB expense of \$65,142. At June 30, 2024, 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	\$ 456,716	112,111
Changes in assumptions	62,686	199,960
Total	<u>\$ 519,402</u>	<u>312,071</u>

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

Year Ending June 30,	Amount
2025	\$ 35,629
2026	35,629
2027	35,629
2028	35,629
2029	35,629
Thereafter	<u>29,186</u>
	<u>\$ 207,331</u>

**(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 \$704,896 for the year ended June 30, 2024 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, 2024 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	\$ 84,273

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, 2024, this reimbursement amounted to \$33,391.

**(11) Categorical Funding**

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

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2024.

<u>Program</u>	<u>Amount</u>
Home school assistance	\$ 2,587
Gifted and Talented	10,275
Teacher Leadership	128,728
Four-year-old preschool	89,615
Teacher salary supplement	22,294
Successful Early Readers	3,096
Professional development	28,727
	<u>\$ 285,322</u>

**(12) Change in Area Education Agency Funding**

The Governor signed House File 2612 on March 27, 2024, which changes the percentage of educational and media services funding generated through local property taxes by Districts which flow through to each Area Education Agency (AEA) beginning July 1, 2024. For fiscal year 2025, 40% of the educational and media services funds generated by Districts will continue to flow through to each AEA, while 60% of the funding will be retained by the District that generated the funds.

**(13) Subsequent Events**

On December 9, 2024, the District approved a contract with GTG Construction, LLC in the amount of \$1,329,000 to pay the costs of reroofing and miscellaneous improvements at the Middle School/High School.

On May 5, 2025, the District approved a contract with Modern Piping in the amount of \$1,041,875 to pay the costs of replacing the boiler and cooling tower at the Elementary School.

### **Required Supplementary Information**



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Clarke Community School District

Budgetary Comparison Schedule of  
Revenues, Expenditures/Expenses and Changes in Balances –  
Budget and Actual – All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2024

	Governmental Funds Actual	Proprietary (Enterprise) Fund Actual	Total Actual
Revenues:			
Local sources	\$ 9,657,705	279,848	9,937,553
State sources	14,187,843	5,333	14,193,176
Federal sources	2,176,360	633,191	2,809,551
Total revenues	26,021,908	918,372	26,940,280
Expenditures/Expenses:			
Instruction	13,184,566	-	13,184,566
Support services	6,116,331	-	6,116,331
Non-instructional programs	16,262	1,103,626	1,119,888
Other expenditures	5,194,983	-	5,194,983
Total expenditures/expenses	24,512,142	1,103,626	25,615,768
Excess (deficiency) of revenues over (under) expenditures/expenses	1,509,766	(185,254)	1,324,512
Other financing sources, net	3,061	-	3,061
Change in balances	1,512,827	(185,254)	1,327,573
Balances beginning of year	5,404,463	1,099,635	6,504,098
Balances end of year	\$ 6,917,290	914,381	7,831,671

See accompanying independent auditor's report.

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Budgeted Amounts		Final to Actual Variance
Original	Final	
8,531,470	8,531,470	1,406,083
13,543,222	13,543,222	649,954
1,445,000	1,445,000	1,364,551
23,519,692	23,519,692	3,420,588
13,785,536	13,785,536	600,970
5,163,531	6,363,531	247,200
828,285	1,078,285	(41,603)
4,862,716	5,262,716	67,733
24,640,068	26,490,068	874,300
(1,120,376)	(2,970,376)	4,294,888
2,000	2,000	(1,061)
(1,118,376)	(2,968,376)	(4,295,949)
4,193,097	4,193,097	(2,311,001)
3,074,721	1,224,721	(6,606,950)

**Clarke Community School District**

Clarke Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2024

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$1,850,000.

During the year ended June 30, 2024, expenditures in the non-instructional programs function exceeded the amount budgeted.

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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 Ten Years\*  
(In Thousands)

Required Supplementary Information

	2024	2023	2022	2021
District's proportion of the net pension liability (asset)	0.117746%	0.123911%	(0.048816)% **	0.122383%
District's proportionate share of the net pension liability	\$ 5,315	4,682	169	8,597
District's covered payroll	\$ 10,372	10,025	9,748	9,713
District's proportionate share of the net pension liability as a percentage of its covered payroll	51.24%	46.70%	1.73%	88.51%
IPERS' net position as a percentage of the total pension liability	90.13%	91.40%	100.81%	82.90%

\* 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.



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

Required Supplementary Information

	2024	2023	2022	2021
Statutorily required contribution	\$ 1,029	976	942	921
Contributions in relation to the statutorily required contribution	(1,029)	(976)	(942)	(921)
Contribution deficiency (excess)	\$ -	-	-	-
District's covered payroll	\$ 10,912	10,372	10,025	9,748
Contributions as a percentage of covered payroll *	9.43%	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.





**Clarke Community School District**

Clarke Community School District

Notes to Required Supplementary Information – IPERS Pension Liability

Year ended June 30, 2024

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%.

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Clarke Community School District

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

Required Supplementary Information  
For the Last Eight Years

	2024	2023	2022	2021
Service cost	\$ 44,528	72,332	70,965	71,159
Interest on the total pension liability	25,457	38,859	18,981	18,389
Difference between expected and actual experience in the measurement of the total pension liability	(112,296)	-	(127,489)	(308,422)
Change in assumptions	(1,863)	(9,059)	(63,948)	219,868
Change in benefit terms	(261,201)	(421,755)	460,062	-
Benefit payments	(20,442)	(71,885)	(143,544)	(156,952)
Net change in total supplemental pension liability	(325,817)	(391,508)	215,027	(155,958)
Total supplemental pension liability beginning of year	625,193	1,016,701	801,674	957,632
Total supplemental pension liability end of year	\$ 299,376	625,193	1,016,701	801,674
Covered-employee payroll	\$ 10,237,654	8,910,044	8,408,839	9,747,985
Total supplemental pension liability as a percentage of covered-employee payroll	2.9%	7.0%	12.1%	8.2%

See accompanying independent auditor's report.

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2020	2019	2018	2017
76,929	76,948	56,485	46,857
33,888	31,639	37,606	33,834
(152,056)	(193,192)	39,844	25,731
-	(2,872)	-	-
-	-	-	-
-	(111,847)	(2,351)	(43,060)
(41,239)	(199,324)	131,584	63,362
998,871	1,198,195	1,066,611	1,003,249
957,632	998,871	1,198,195	1,066,611
9,712,541	9,904,050	9,483,000	9,373,000
9.9%	10.1%	12.6%	11.4%

**Clarke Community School District**

Clarke Community School District

Notes to Supplemental Pension Liability and Related Ratios

Year ended June 30, 2024

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

*Changes of benefit terms:*

Plan amendment decreasing the maximum benefit from \$20,000 to \$10,000 incorporated into the June 30, 2024 valuation.

Plan amendment decreasing the maximum benefit from \$40,000 to \$20,000 incorporated into the June 30, 2023 valuation.

Plan amendment increasing the maximum benefit from \$20,000 to \$40,000 incorporated into the June 30, 2020 valuation.

*Changes of assumptions:*

The 2024 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2024:

- Changed mortality assumptions to the Pub-2010 General mortality table with projected mortality improvements based on scale MP-2021.

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, 2024	3.97%
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%

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

For the Last Seven Years  
Required Supplementary Information

	2024	2023	2022	2021
Service cost	\$ 61,918	61,538	23,971	23,971
Interest cost	29,495	27,196	7,288	7,332
Difference between expected and actual experiences	213,944	-	386,461	(14,131)
Changes in assumptions	(151,862)	(8,908)	91,486	-
Benefit payments	(59,885)	(46,288)	(35,953)	(1,015)
Net change in total OPEB liability	93,610	33,538	473,253	16,157
Total OPEB liability beginning of year	732,151	698,613	225,360	209,203
Total OPEB liability end of year	\$ 825,761	732,151	698,613	225,360
Covered-employee payroll	\$ 10,200,000	8,900,000	8,400,000	9,300,000
Total OPEB liability as a percentage of covered-employee payroll	8.1%	8.2%	8.3%	2.4%

See accompanying independent auditor's report.

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2020	2019	2018
24,002	34,604	34,755
6,805	15,320	14,655
(13,520)	(16,561)	(11,302)
(214,546)	-	-
-	(7,637)	(37,010)
(197,259)	25,726	1,098
406,462	380,736	379,638
209,203	406,462	380,736
9,200,000	9,300,000	8,900,000
2.3%	4.4%	4.3%



Clarke Community School District

Notes to Required Supplementary Information – OPEB Liability

Year ended June 30, 2024

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

The 2024 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2024:

- Changed mortality assumptions to the Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021.

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, 2024	3.97%
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%

## **Supplementary Information**

**Schedule 1**

## Clarke Community School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2024

Account	Balance Beginning of Year	Revenues	Expenditures	Intra- Fund Transfers	Balance End of Year
Athletics	\$ 204	145,510	110,758	(563)	34,393
Publications	2,957	3,975	10,197	3,265	-
High School Band	6,454	8,251	7,940	(59)	6,706
High School Vocal Music	-	11,934	11,188	-	746
Cheerleaders	-	12,274	12,311	37	-
Speech/Debate	(2,306)	7,598	7,957	2,665	-
FFA	14,584	40,176	42,143	-	12,617
FCCLA	1,635	93	599	-	1,129
Cross Country	-	3,682	1,982	(1,700)	-
Golf	41	1,240	1,992	711	-
Tennis	-	-	255	255	-
Bowling	-	1,431	1,631	200	-
Soccer Club	-	847	464	(383)	-
Boys Basketball	79	894	389	(584)	-
Football	-	10,264	15,503	5,239	-
Baseball	-	2,148	2,592	444	-
Boys Track	1,206	5,500	6,067	(639)	-
Wrestling	-	200	1,198	998	-
Archery Club	5,434	7,322	9,858	-	2,898
Girls Basketball	-	825	172	(653)	-
Volleyball	3,760	4,221	3,958	(4,023)	-
Softball	-	6,973	8,989	2,016	-
Girls Track	870	7,125	5,746	(2,249)	-
Camp - Volleyball	1,426	84	-	-	1,510
Camp - Wrestling	-	-	125	125	-
Softball Clinic	-	960	1,272	312	-
Book Club	1,987	117	-	-	2,104
Elementary Literacy Library	76	4	-	-	80
High School Student Council	484	624	453	-	655
Thespians	5,040	12,742	15,177	(2,605)	-
E Sport	1,002	10,279	10,797	-	484
Class of:					
2022	300	-	300	-	-
2024	2,065	109	1,472	-	702
2025	1,984	11,560	10,268	-	3,276
2026	1,514	1,365	22	-	2,857
Art Club	1,172	404	424	-	1,152
Anime Club	393	23	-	-	416
Media Club	87	5	-	-	92
Concessions	-	15,038	15,495	457	-
Washington DC Trip Fund	4,974	8,756	10,698	-	3,032
Robotics	223	13	-	-	236
Middle School Student Council	17,337	6,535	3,506	(3,266)	17,100
Elementary Student Council	8,841	4,321	6,821	-	6,341
Total	\$ 83,823	355,422	340,719	-	98,526

See accompanying independent auditor's report.

## Clarke Community School District

Combining Balance Sheet  
Capital Project Fund Accounts

June 30, 2024

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 3,625,127	74,799	3,699,926
Receivables:			
Property tax:			
Delinquent	-	1,569	1,569
Succeeding year	-	176,000	176,000
Due from other governments	174,855	561,466	736,321
<b>Total assets</b>	<b>\$ 3,799,982</b>	<b>813,834</b>	<b>4,613,816</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 206,206	92,967	299,173
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	176,000	176,000
Other	-	561,466	561,466
Total deferred inflows of resources	-	737,466	737,466
Fund balances:			
Restricted for:			
School infrastructure	3,593,776	-	3,593,776
Unassigned	-	(16,599)	(16,599)
Total fund balances	3,593,776	(16,599)	3,577,177
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,799,982</b>	<b>813,834</b>	<b>4,613,816</b>

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, 2024

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	709,788	709,788
Other	622,573	35,962	658,535
State sources	1,900,294	2,882	1,903,176
Total revenues	2,522,867	748,632	3,271,499
Expenditures:			
Support services:			
Instructional staff	106,760	-	106,760
Administration	174,599	-	174,599
Operation and maintenance of plant	24,427	-	24,427
Transportation	184,585	48,204	232,789
	490,371	48,204	538,575
Other expenditures:			
Facilities acquisition	2,435,873	1,160,989	3,596,862
Total expenditures	2,926,244	1,209,193	4,135,437
Deficiency of revenues under expenditures	(403,377)	(460,561)	(863,938)
Other financing sources:			
Transfers in	1,551,643	-	1,551,643
Change in fund balances	1,148,266	(460,561)	687,705
Fund balances beginning of year	2,445,510	443,962	2,889,472
Fund balances end of year	\$ 3,593,776	(16,599)	3,577,177

See accompanying independent auditor's report.

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

Year ended June 30, 2024

	Parent Teacher Community Organization	Band Boosters	South Central Conference Activities	Total
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 39,413	18,460	631	58,504
<b>Liabilities</b>				
Accounts payable	\$ 83	-	-	83
<b>Net Position</b>				
Restricted for individuals, organizations and other governments	\$ 39,330	18,460	631	58,421

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, 2024

	Parent Teacher Community Organization	Band Boosters	South Central Conference Activities	Total
Additions:				
Local sources:				
Interest	\$ 2,502	1,174	40	3,716
Membership dues	-	-	9,600	9,600
Fundraisers	14,538	2,694	-	17,232
Donations	-	1,525	-	1,525
Total additions	17,040	5,393	9,640	32,073
Deductions:				
Agency remittances:				
Recipient payments	20,097	2,101	10,205	32,403
Changes in net position	(3,057)	3,292	(565)	(330)
Net position beginning of year	42,387	15,168	1,196	58,751
Net position end of year	\$ 39,330	18,460	631	58,421

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

	2024	2023	2022	2021
Revenues:				
Local sources:				
Local tax	\$ 7,869,037	6,798,728	6,477,250	6,334,760
Tuition	374,682	449,158	286,432	321,291
Other	1,413,986	870,803	435,951	824,934
State sources	14,187,843	13,485,621	12,926,075	12,551,362
Federal sources	2,176,360	1,611,043	1,985,855	1,154,499
Total	\$ 26,021,908	23,215,353	22,111,563	21,186,846
Expenditures:				
Instruction:				
Regular instruction	\$ 7,319,458	7,411,974	8,455,653	8,015,559
Special instruction	2,680,318	2,479,486	2,433,016	2,597,934
Other instruction	3,184,790	2,961,516	2,505,524	2,161,230
Support services:				
Student	384,419	396,063	516,035	472,327
Instructional staff	746,467	443,587	426,448	657,484
Administration	2,233,770	1,892,665	1,638,133	1,831,633
Operation and maintenance of plant	1,686,699	1,441,308	1,373,171	1,697,165
Transportation	1,064,976	957,381	695,201	568,856
Non-instructional programs	16,262	2,771	30,308	24,685
Other expenditures:				
Facilities acquisition	3,596,862	1,354,578	1,060,709	4,187,729
Long-term debt:				
Principal	540,000	555,430	687,572	684,504
Interest and other charges	353,225	385,488	394,025	413,225
AEA flowthrough	704,896	683,609	675,063	672,440
Total	\$ 24,512,142	20,965,856	20,890,858	23,984,771

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
5,678,006	5,547,815	5,228,093	5,440,410	5,066,478	5,141,298
271,473	282,949	382,676	390,580	252,433	190,085
642,800	683,970	638,790	585,967	576,847	748,570
12,558,217	12,457,967	11,651,623	11,807,038	11,205,874	11,132,412
638,328	619,803	604,873	665,283	522,601	546,713
19,788,824	19,592,504	18,506,055	18,889,278	17,624,233	17,759,078
7,163,327	6,864,443	6,981,649	6,814,494	6,291,828	6,038,414
2,679,372	2,704,917	2,685,949	2,511,170	2,439,331	2,314,584
2,119,876	2,373,147	2,270,813	2,167,759	2,131,772	1,903,532
461,221	501,492	393,078	350,867	364,999	354,351
1,032,882	676,684	454,638	1,032,821	584,669	331,479
1,886,998	1,812,350	1,542,784	1,418,369	1,413,310	1,358,186
1,468,995	1,516,396	1,605,426	1,976,185	1,645,852	1,326,744
587,449	725,358	801,222	949,302	751,247	855,366
14,812	10,057	8,586	9,114	11,446	20,116
12,834,397	3,976,441	700,470	631,471	1,122,921	594,497
704,113	1,002,090	165,684	1,169,643	492,505	613,788
448,802	271,000	-	40,057	48,055	67,207
662,169	655,835	623,179	612,234	608,731	609,523
32,064,413	23,090,210	18,233,478	19,683,486	17,906,666	16,387,787

**Clarke Community School District**

Clarke Community School District  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2024

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY24	\$ 118,026
National School Lunch Program	10.555	FY24	478,587 *
Summer Food Service Program for Children	10.559	FY24	12,658
Fresh Fruit and Vegetable Program	10.582	FY24	28,650
Total U.S. Department of Agriculture			637,921
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY24	374,567
Student Support and Academic Enrichment Program	84.424	FY24	24,996
Education Stabilization Fund			
COVID-19, American Rescue Plan - Elementary and			
Secondary School Emergency Relief (ARP ESSER)	84.425U	ARP ESSER III	1,555,771
Passed through Green Hills Area Education Agency:			
Special Education Cluster:			
Special Education Grants to States	84.027	FY24	69,233
Passed through Southwestern Community College:			
Career and Technical Education -- Basic Grants to States	84.048	FY24	20,099
Total U.S. Department of Education			2,044,666
Total			\$ 2,682,587

\* Includes \$42,328 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, 2024. 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

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

Rob Sand  
Auditor of State

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, 2024, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 11, 2025.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2024-001 that we consider to be a material weakness.

## 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, 2024 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 require 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.



Brian R. Brustkern, CPA  
Deputy Auditor of State

June 11, 2025

**Clarke Community School District**



**OFFICE OF AUDITOR OF STATE**  
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State Capitol Building  
Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834

Rob Sand  
Auditor of State

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, 2024. 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, 2024.

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 judgment 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 judgment 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.



Brian R. Brustkern, CPA  
Deputy Auditor of State

June 11, 2025

Clarke Community School District  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2024

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each 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:
  - Child Nutrition Cluster
    - Assistance Listing Number 10.553 – School Breakfast Program
    - Assistance Listing Number 10.555 – National School Lunch Program
    - Assistance Listing Number 10.559 – Summer Food Service Program for Children
    - Assistance Listing Number 10.582 – Fresh Fruit and Vegetable Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Clarke Community School District qualified as a low-risk auditee.

Clarke Community School District  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2024

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

**INTERNAL CONTROL DEFICIENCY:**

2024-001 Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the District's financial statements.

Condition – Material amounts of payables and capital asset additions were not properly recorded in the District's financial statements. Adjustments were subsequently made by the District to properly record these amounts in the financial statements.

Cause – District policies do not require, and procedures have not been established to require independent review of year end cut-off and capital asset transactions to ensure the District's financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in District employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the District's financial statements were necessary.

Recommendation – The District should implement procedures to ensure all payables and capital asset additions are identified and properly recorded in the District's financial statements.

Response – Procedures will be put in place to verify all payables and capital assets are properly included in the financial statements.

Conclusion – Response accepted.

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

Clarke Community School District  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2024

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NONCOMPLIANCE:**

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, 2024

**Part IV: Other Findings Related To Required Statutory Reporting:**

2024-A Certified Budget – Expenditures for the year ended June 30, 2024 exceeded the amended 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. The Business Manager will supply certified budget reporting to the board each month.

Conclusion – Response accepted.

2024-B Questionable Expenditures – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General's opinion dated April 25, 1979, public funds may only be spent for public benefit. Certain disbursements were noted which we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion since the public benefits to be derived have not been clearly documented. These disbursements are detailed as follows:

Paid to	Purpose	Amount
Playa Margaritas		
Mexican Restaurant	Staff holiday meal	\$ 2,518

According to the opinion, it is possible for certain disbursements to meet the test of serving a public purpose under certain circumstances, although such items will be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The District should determine and document the public purpose served by these types of disbursements prior to authorizing any further payments. If this practice is continued, the District should establish written policies and procedures, including the requirements for proper public purpose documentation.

Response – The District will examine current procurement practices and develop policies and procedures to ensure public purpose is documented, showing how the public is benefiting from each transaction, prior to authorizing any further payments for similar transactions. Any expenses similar to this type will be approved by the board and documentation will be maintained with invoice regarding public purpose.

Conclusion – Response accepted.

2024-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.

2024-D Business Transactions – No business transactions between the District and District officials or employees were noted.

Clarke Community School District  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2024

2024-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.

2024-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.

2024-G Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

For two of five meetings tested, minutes were not published as required by Chapter 279.35 of the Code of Iowa.

Recommendation – The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting.

Response – The District will ensure all minutes are published within two weeks.

Conclusion – Response accepted.

2024-H Certified Enrollment – Variances in the basic enrollment data certified to the Iowa Department of Education were noted. The District understated the number of students dual enrolled by two students.

Recommendation – The District should develop procedures to ensure accurate counts are taken throughout the year and accurate enrollment data is certified to the Iowa Department of Education.

Response – The District will establish procedures to ensure the accuracy of certified enrollment data.

Conclusion – Response accepted.

2024-I Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

2024-J Deposits and Investments – Except as noted below, no instances of noncompliance 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.

2024-K Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.

Clarke Community School District  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2024

- 2024-L Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- 2024-M Statewide Sales, Services and Use Tax – No instances of noncompliance with the allowable uses 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, 2024, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 2,445,510
Revenues/transfers in:		
Statewide sales, services and use tax	\$ 1,900,294	
Interest on investments	622,573	
Transfers in	<u>1,551,643</u>	4,074,510
Expenditures/transfers out:		
School infrastructure construction	2,435,873	
Equipment	<u>490,371</u>	<u>2,926,244</u>
Ending balance		<u>\$ 3,593,776</u>

For the year ended June 30, 2024, 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	\$ 4.514	<u>\$ 1,900,294</u>

- 2024-N Deficit Balance – The Physical Plant and Equipment Levy fund had a deficit balance of \$16,599 at June 30, 2024.

Recommendation – The District should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – Because of income tax filing timing issues, income surtax payments are received in the December and February following the budget year. The District will work to eliminate the fund deficit and expect it to be eliminated upon the receipt of income surtax funds.

Conclusion – Response accepted.



Clarke Community School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

2024-O Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District did not receive an image of the back of each cancelled check.

Recommendation – The District should obtain and retain images of both the front and back of cancelled checks for all bank accounts as required by Chapter 554D.114 of the Code of Iowa.

Response – Check images both back and front were requested by the bank on April 23, 2025 and confirmation from the bank stating this has been updated was received on Thursday, April 24, 2025.

Conclusion – Response accepted.

Clarke Community School District

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Deputy  
Lesley R. Geary, CPA, Manager  
Taylor A. Hepp, Senior Auditor II  
Zachary T. Shaw, Senior Auditor  
Shawn P. Weuve, Assistant Auditor