

BAXTER COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2024

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Baxter Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before November 2023)		
Board of Education		
Cory Robinson	President	2025
Colette Kunkel	Board Member	2023
Jon Northrup	Board Member	2025
Deborah Meyer	Board Member	2023
Kim Tichy	Board Member	2023
(After November 2023)		
Board of Education		
Cory Robinson	President	2025
Tyler Akins	Board Member	2027
Jon Northrup	Board Member	2025
Ashley Kucera	Board Member	2027
Ray Hauser	Board Member	2027
School Officials		
Mickolyn Clapper	Superintendent	2024
Julie McWhirter	Board Secretary and School Business Official	2024
Ahlers & Cooney, P.C.	Attorney	2024

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Certified Public Accountants
(a professional corporation)
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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of Baxter 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 Baxter Community School District, Baxter, Iowa, 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 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 Baxter 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 Financial Statements section of our report. We are required to be independent of Baxter 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 Baxter Community School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Baxter Community School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Baxter Community School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 15 and 42 through 48 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 Baxter 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 6, 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 6 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information in the independent auditor's report. The other information comprises the officials page but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 13, 2025 on our consideration of Baxter 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 Baxter Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

August 13, 2025
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Baxter 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

- The District's total net position increased from \$6,299,132 at June 30, 2023 to \$7,218,321 at June 30, 2024. Total revenues increased 6.60% from \$7,814,619 in fiscal year 2023 to \$8,330,769 in fiscal year 2024, while total expenses increased 3.15% from \$7,185,295 in fiscal year 2023 to \$7,411,580 in fiscal year 2024. Revenues from property tax increased \$267,166 which was the primary reason for the increase in total revenues. Instruction expenses increased \$174,477 which was the primary reason for the increase in total expenses.
- The District's General Fund balance increased from \$224,179 at June 30, 2023 to \$748,284 at June 30, 2024. Total General Fund revenues increased from \$6,163,997 in fiscal year 2023 to \$6,374,626 in fiscal year 2024, while total General Fund expenditures decreased from \$6,162,785 in fiscal year 2023 to \$5,850,521 in fiscal year 2024. Revenues from tuition increased \$188,569 which was the primary reason for the increase in total revenues. Special instruction expenditures decreased \$90,800 which was the primary reason for the decrease in total expenditures.

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

The Fund Financial Statements tell how governmental and business type activities were financed in the short term as well as what remains for future spending. Fund financial statements report Baxter Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Baxter Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

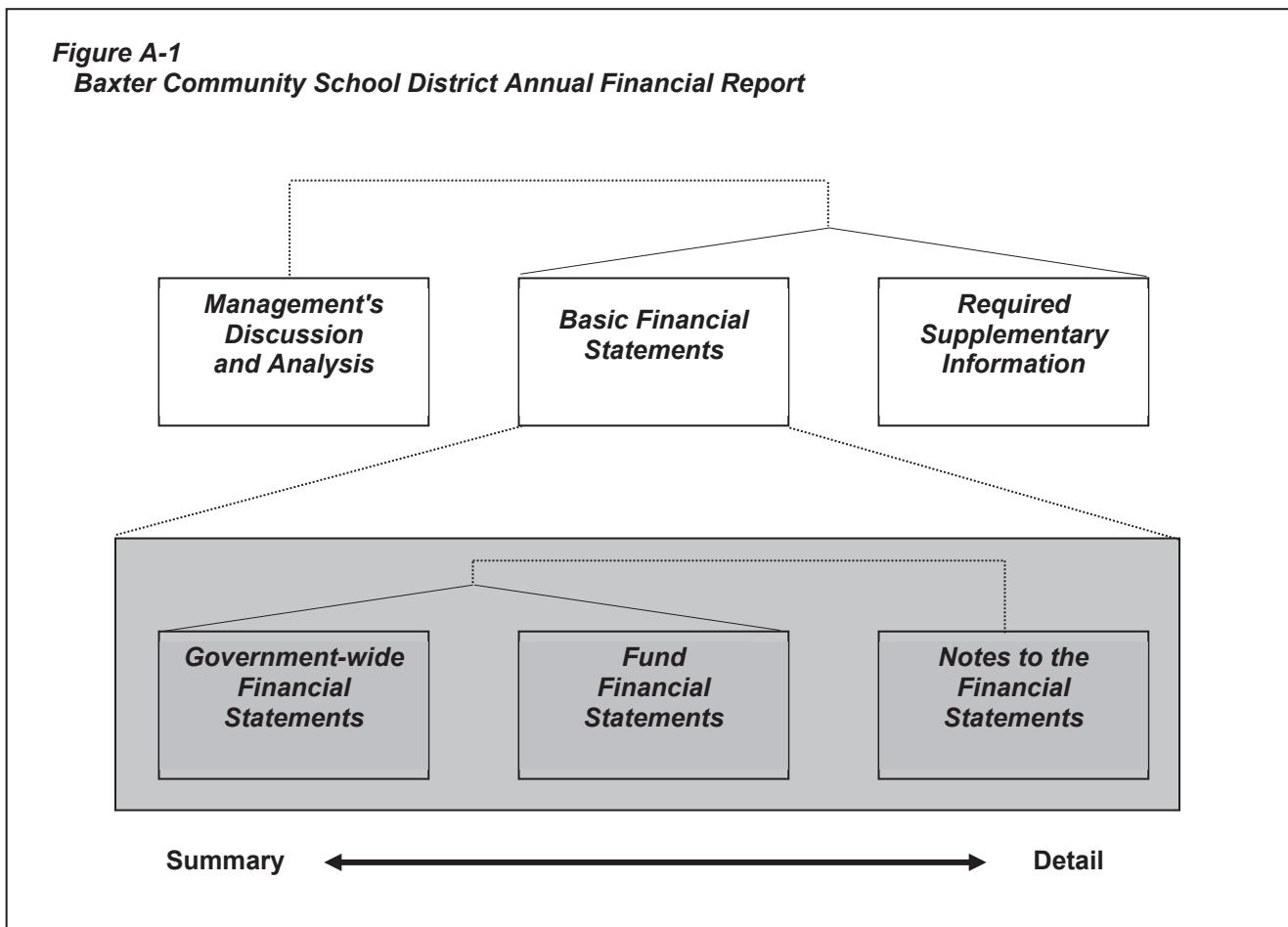


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service
Required financial statements	<ul style="list-style-type: none"> · Statement of net position · Statement of activities 	<ul style="list-style-type: none"> · Balance sheet · Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> · Statement of net position · Statement of revenues, expenses and changes in fund net position · Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period
Type of inflow / outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include 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.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2024 compared to June 30, 2023.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2024		June 30, 2023		June 30, 2024		June 30, 2023
	2024	2023	2024	2023	2024	2023	2023-24
Current and other assets	\$ 5,928,162	5,048,909	162,236	157,930	6,090,398	5,206,839	16.97%
Capital assets	12,104,040	12,454,396	840	1,025	12,104,880	12,455,421	-2.81%
Total assets	18,032,202	17,503,305	163,076	158,955	18,195,278	17,662,260	3.02%
Deferred outflows of resources	916,053	676,640	26,063	20,211	942,116	696,851	35.20%
Long-term liabilities	8,442,425	8,623,812	63,656	59,748	8,506,081	8,683,560	-2.04%
Other liabilities	603,914	580,777	20,673	19,597	624,587	600,374	4.03%
Total liabilities	9,046,339	9,204,589	84,329	79,345	9,130,668	9,283,934	-1.65%
Deferred inflows of resources	2,779,322	2,765,949	9,083	10,096	2,788,405	2,776,045	0.45%
Net position:							
Net investment in capital assets	5,966,040	5,798,396	840	1,025	5,966,880	5,799,421	2.89%
Restricted	1,842,943	1,669,268	-	-	1,842,943	1,669,268	10.40%
Unrestricted	(686,389)	(1,258,257)	94,887	88,700	(591,502)	(1,169,557)	49.43%
Total net position	\$ 7,122,594	6,209,407	95,727	89,725	7,218,321	6,299,132	14.59%

The District's total net position increased 14.59%, or \$919,189, from the prior year.

The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings, equipment and right-to-use leased assets), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$173,675, or 10.40%, from the prior year. This increase was primarily a result of the increase in the amount restricted for physical plant and equipment compared to the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased 49.43%, or \$578,055. This increase in unrestricted net position was primarily a result of the increase in unassigned General Fund balance.

Figure A-4 shows the changes in net position for the year ended June 30, 2024 compared to the year ended June 30, 2023.

	Figure A-4 Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change	
	2024	2023	2024	2023	2024	2023	2023-24	
Revenues:								
Program revenues:								
Charges for service	\$ 1,585,527	1,337,104	131,277	119,321	1,716,804	1,456,425	17.88%	
Operating grants, contributions and restricted interest	518,603	648,576	160,056	196,826	678,659	845,402	-19.72%	
General revenues:								
Property tax	2,431,861	2,164,695	-	-	2,431,861	2,164,695	12.34%	
Income surtax	262,953	249,081	-	-	262,953	249,081	5.57%	
Statewide sales, services and use tax	475,172	488,731	-	-	475,172	488,731	-2.77%	
Unrestricted state grants	2,677,669	2,555,218	-	-	2,677,669	2,555,218	4.79%	
Unrestricted investment earnings	59,949	31,798	-	-	59,949	31,798	88.53%	
Other	25,996	21,243	1,706	2,026	27,702	23,269	19.05%	
Total revenues	8,037,730	7,496,446	293,039	318,173	8,330,769	7,814,619	6.60%	
Program expenses:								
Instruction	4,090,162	3,915,685	-	-	4,090,162	3,915,685	4.46%	
Support services	2,322,246	2,246,910	4,768	4,771	2,327,014	2,251,681	3.35%	
Non-instructional programs	-	-	282,269	290,019	282,269	290,019	-2.67%	
Other expenses	712,135	727,910	-	-	712,135	727,910	-2.17%	
Total expenses	7,124,543	6,890,505	287,037	294,790	7,411,580	7,185,295	3.15%	
Change in net position	913,187	605,941	6,002	23,383	919,189	629,324	46.06%	
Net position beginning of year	6,209,407	5,603,466	89,725	66,342	6,299,132	5,669,808	11.10%	
Net position end of year	\$ 7,122,594	6,209,407	95,727	89,725	7,218,321	6,299,132	14.59%	

In fiscal year 2024, property tax and unrestricted state grants accounted for 63.57% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 99.42% of business type activities revenues.

The District's total revenues were approximately \$8.33 million, of which approximately \$8.04 million was for governmental activities and approximately \$0.29 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 6.60% increase in revenues and a 3.15% increase in expenses. Revenues from property tax increased \$267,166 which was the primary reason for the increase in total revenues. Instruction expenses increased \$174,477 which was the primary reason for the increase in total expenses.

Governmental Activities

Revenues for governmental activities were \$8,037,730 and expenses were \$7,124,543 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 and other expenses, for the year ended June 30, 2024 compared to those expenses for the year ended June 30, 2023.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
			Change 2023-24			Change 2023-24
	2024	2023		2024	2023	
Instruction	\$ 4,090,162	3,915,685	4.46%	2,274,596	2,298,036	-1.02%
Support services	2,322,246	2,246,910	3.35%	2,203,714	2,047,411	7.63%
Other expenses	712,135	727,910	-2.17%	542,103	559,378	-3.09%
Total	\$ 7,124,543	6,890,505	3.40%	5,020,413	4,904,825	2.36%

For the year ended June 30, 2024:

- The cost financed by users of the District's programs was \$1,585,527.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$518,603.
- The net cost of governmental activities was financed with \$2,431,861 in property tax, \$262,953 in income surtax, \$475,172 in statewide sales, services and use tax, \$2,677,669 in unrestricted state grants, \$59,949 in interest income and \$25,996 in other general revenues.

Business Type Activities

Revenues of the District's business type activities for the year ended June 30, 2024 were \$293,039 and expenses were \$287,037. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,598,639, above last year's ending fund balances of \$1,857,402. The primary reason for the increase in combined fund balances is the increase in the General Fund balance compared to the prior year.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. General Fund revenues increased due primarily to an increase in revenues from tuition. General Fund expenditures decreased mainly due to a decrease in special instruction expenditures. In total, revenues outpaced expenditures and the General Fund balance increased from \$224,179 at June 30, 2023 to \$748,284 at June 30, 2024.
- The Capital Projects Fund balance increased from \$1,379,011 at June 30, 2023 to \$1,567,491 at June 30, 2024. Revenues from state sources totaled \$476,202 for the year contributing to the increase in fund balance.
- The Debt Service Fund balance increased from \$84,806 at June 30, 2023 to \$131,585 at June 30, 2024. Principal and interest and fiscal charges totaled \$727,419 for the year.

Proprietary Fund Highlights

- The School Nutrition Fund net position increased from \$89,725 at June 30, 2023 to \$95,727 at June 30, 2024, an increase of 6.69%.

BUDGETARY HIGHLIGHTS

The District's total revenues were \$954,137 more than budgeted revenues, a variance of 12.95%. The most significant variance resulted from the District receiving more from local sources than originally anticipated.

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, the District had invested \$12,104,880, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a decrease of 2.81% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$384,055 for governmental activities and \$185 for business type activities.

The original cost of the District's capital assets was \$17,626,880. Governmental activities accounted for \$17,559,591 of this total with the remainder of \$67,289 accounted for in the Enterprise, School Nutrition Fund.

The largest change in capital assets activity during the year occurred in the buildings category. The District's buildings, net of accumulated depreciation, totaled \$12,051,024 at June 30, 2023, compared to \$11,732,147 at June 30, 2024. This decrease was primarily due to depreciation expense.

Figure A-6

	Capital Assets, Net of Depreciation/Amortization						
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2024	2023	June 30, 2024	2023	June 30, 2024	2023	June 30, 2023-24
Land	\$ 105,602	105,602	-	-	105,602	105,602	0.00%
Buildings	11,732,147	12,051,024	-	-	11,732,147	12,051,024	-2.65%
Land improvements	149,054	151,938	-	-	149,054	151,938	-1.90%
Machinery and equipment	117,237	145,832	840	1,025	118,077	146,857	-19.60%
Total	\$ 12,104,040	12,454,396	840	1,025	12,104,880	12,455,421	-2.81%

Long-Term Debt

At June 30, 2024, the District had \$6,138,000 of total long-term debt outstanding. This represents a decrease of 7.78% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District had outstanding general obligation bonded indebtedness of \$4,913,000 at June 30, 2024.

The District had outstanding revenue bonded indebtedness of \$1,225,000 at June 30, 2024, payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District.

Figure A-7			
Outstanding Long-Term Obligations			
	Total District June 30, 2024	Total June 30, 2023	Total Change June 30, 2023-24
	2024	2023	2023-24
General obligation bonds	\$ 4,913,000	5,206,000	-5.63%
Revenue bonds	1,225,000	1,450,000	-15.52%
Total	\$ 6,138,000	6,656,000	-7.78%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Low allowable growth over several years is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.

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 Julie McWhirter, Board Secretary and School Business Official, Baxter Community School District, 202 East State Street, Baxter, Iowa 50028.

BAXTER COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

BAXTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 1,981,625	160,890	2,142,515
Receivables:			
Property tax:			
Delinquent	16,628	-	16,628
Succeeding year	2,534,509	-	2,534,509
Income surtax	216,996	-	216,996
Due from other governments	1,178,404	-	1,178,404
Inventories	-	1,346	1,346
Capital assets not being depreciated	105,602	-	105,602
Capital assets, net of accumulated depreciation	11,998,438	840	11,999,278
Total assets	18,032,202	163,076	18,195,278
Deferred Outflows of Resources			
Pension related deferred outflows	814,864	21,989	836,853
OPEB related deferred outflows	101,189	4,074	105,263
Total deferred outflows of resources	916,053	26,063	942,116
Liabilities			
Accounts payable	44,363	-	44,363
Salaries and benefits payable	533,655	16,941	550,596
Accrued interest payable	25,896	-	25,896
Unearned revenue	-	3,732	3,732
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	288,000	-	288,000
Revenue bonds	230,000	-	230,000
Termination benefits	36,892	-	36,892
Portion due after one year:			
General obligation bonds	4,625,000	-	4,625,000
Revenue bonds	995,000	-	995,000
Termination benefits	96,887	-	96,887
Net pension liability	1,946,420	54,629	2,001,049
Total OPEB liability	224,226	9,027	233,253
Total liabilities	9,046,339	84,329	9,130,668
Deferred Inflows of Resources			
Succeeding year property tax revenue	2,534,509	-	2,534,509
Pension related deferred inflows	63,359	1,779	65,138
OPEB related deferred inflows	181,454	7,304	188,758
Total deferred inflows of resources	2,779,322	9,083	2,788,405
Net Position			
Net investment in capital assets	5,966,040	840	5,966,880
Restricted for:			
Categorical funding	104,524	-	104,524
Debt service	105,689	-	105,689
Student activities	35,131	-	35,131
Support trust purposes	30,108	-	30,108
School infrastructure	1,134,758	-	1,134,758
Physical plant and equipment	432,733	-	432,733
Unrestricted	(686,389)	94,887	(591,502)
Total net position	\$ 7,122,594	95,727	7,218,321

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit B

BAXTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Charges for Expenses	Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern-mental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 2,520,744	962,521	82,105	-	(1,476,118)	-	(1,476,118)
Special	621,960	302,849	39,097	-	(280,014)	-	(280,014)
Other	947,458	293,173	135,821	-	(518,464)	-	(518,464)
	<u>4,090,162</u>	<u>1,558,543</u>	<u>257,023</u>	-	<u>(2,274,596)</u>	-	<u>(2,274,596)</u>
Support services:							
Student	231,818	12,984	34,285	-	(184,549)	-	(184,549)
Instructional staff	249,169	-	2,146	-	(247,023)	-	(247,023)
Administration	764,634	14,000	-	-	(750,634)	-	(750,634)
Operation and maintenance of plant	846,160	-	47,883	-	(798,277)	-	(798,277)
Transportation	230,465	-	7,234	-	(223,231)	-	(223,231)
	<u>2,322,246</u>	<u>26,984</u>	<u>91,548</u>	-	<u>(2,203,714)</u>	-	<u>(2,203,714)</u>
Long-term debt interest	207,142	-	-	-	(207,142)	-	(207,142)
Other expenditures:							
AEA flowthrough	170,032	-	170,032	-	-	-	-
Depreciation	334,961	-	-	-	(334,961)	-	(334,961)
	<u>504,993</u>	<u>-</u>	<u>170,032</u>	-	<u>(334,961)</u>	-	<u>(334,961)</u>
Total governmental activities	<u>7,124,543</u>	<u>1,585,527</u>	<u>518,603</u>	-	<u>(5,020,413)</u>	-	<u>(5,020,413)</u>
Business type activities:							
Support services:							
Instructional staff	4,301	-	-	-	-	(4,301)	(4,301)
Operation and maintenance of plant	467	-	-	-	-	(467)	(467)
	<u>4,768</u>	<u>-</u>	<u>-</u>	-	<u>-</u>	<u>(4,768)</u>	<u>(4,768)</u>
Non-instructional programs:							
Food service operations	282,269	131,277	160,056	-	-	9,064	9,064
Total business type activities	<u>287,037</u>	<u>131,277</u>	<u>160,056</u>	-	-	<u>4,296</u>	<u>4,296</u>
Total	<u>\$ 7,411,580</u>	<u>1,716,804</u>	<u>678,659</u>	-	<u>(5,020,413)</u>	<u>4,296</u>	<u>(5,016,117)</u>
General Revenues:							
Property tax levied for:							
General purposes					\$ 1,883,170	-	1,883,170
Debt service					464,502	-	464,502
Capital outlay					84,189	-	84,189
Income surtax					262,953	-	262,953
Statewide sales, services and use tax					475,172	-	475,172
Unrestricted state grants					2,677,669	-	2,677,669
Unrestricted investment earnings					59,949	-	59,949
Other					25,996	1,706	27,702
Total general revenues					<u>5,933,600</u>	<u>1,706</u>	<u>5,935,306</u>
Change in net position					913,187	6,002	919,189
Net position beginning of year					<u>6,209,407</u>	<u>89,725</u>	<u>6,299,132</u>
Net position end of year					<u>\$ 7,122,594</u>	<u>95,727</u>	<u>7,218,321</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

BAXTER COMMUNITY SCHOOL DISTRICT
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2024

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 180,345	1,523,197	128,433	149,650	1,981,625
Receivables:					
Property tax:					
Delinquent	11,276	571	3,152	1,629	16,628
Succeeding year	1,683,624	85,112	445,773	320,000	2,534,509
Income surtax	168,775	48,221	-	-	216,996
Due from other governments	1,134,681	43,723	-	-	1,178,404
Total assets	\$ 3,178,701	1,700,824	577,358	471,279	5,928,162
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 44,363	-	-	-	44,363
Salaries and benefits payable	533,655	-	-	-	533,655
Total liabilities	578,018	-	-	-	578,018
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,683,624	85,112	445,773	320,000	2,534,509
Income surtax	168,775	48,221	-	-	216,996
Total deferred inflows of resources	1,852,399	133,333	445,773	320,000	2,751,505
Fund balances:					
Restricted for:					
Categorical funding	104,524	-	-	-	104,524
Debt service	-	-	131,585	-	131,585
Management levy purposes	-	-	-	86,040	86,040
Student activities	-	-	-	35,131	35,131
Support trust purposes	-	-	-	30,108	30,108
School infrastructure	-	1,134,758	-	-	1,134,758
Physical plant and equipment	-	432,733	-	-	432,733
Unassigned	643,760	-	-	-	643,760
Total fund balances	748,284	1,567,491	131,585	151,279	2,598,639
Total liabilities, deferred inflows of resources and fund balances	\$ 3,178,701	1,700,824	577,358	471,279	5,928,162

SEE NOTES TO FINANCIAL STATEMENTS.

BAXTER COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total fund balances of governmental funds (page 20) \$ 2,598,639

*Amounts reported for governmental activities in the Statement of Net Position
are different because:*

Net capital assets used in governmental activities are not financial resources and,
therefore, are not reported as assets in the governmental funds. 12,104,040

Accounts receivable income surtax is not available to finance expenditures of
the current year and, therefore, is recognized as deferred inflows of resources
in the governmental funds. 216,996

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. (25,896)

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	\$ 916,053
Deferred inflows of resources	<u>(244,813)</u> 671,240

Long-term liabilities, including bonds payable, termination benefits payable,
net pension liability and total OPEB liability, are not due and payable in
the current year and, therefore, are not reported in the governmental funds. (8,442,425)

Net position of governmental activities (page 18) \$ 7,122,594

BAXTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 1,842,482	140,488	464,502	237,734	2,685,206
Tuition	1,247,034	-	-	-	1,247,034
Other	98,352	2,223	37,619	289,994	428,188
State sources	2,947,862	476,202	5,682	2,977	3,432,723
Federal sources	234,971	-	-	-	234,971
Total revenues	<u>6,370,701</u>	<u>618,913</u>	<u>507,803</u>	<u>530,705</u>	<u>8,028,122</u>
Expenditures:					
Current:					
Instruction:					
Regular	2,431,123	6,377	-	39,822	2,477,322
Special	618,384	-	-	-	618,384
Other	681,104	-	-	279,918	961,022
	<u>3,730,611</u>	<u>6,377</u>	<u>-</u>	<u>319,740</u>	<u>4,056,728</u>
Support services:					
Student	245,263	130	-	-	245,393
Instructional staff	202,512	41,150	-	-	243,662
Administration	773,281	1,896	-	23,166	798,343
Operation and maintenance of plant	564,164	31,598	-	185,974	781,736
Transportation	164,658	10,989	-	19,952	195,599
	<u>1,949,878</u>	<u>85,763</u>	<u>-</u>	<u>229,092</u>	<u>2,264,733</u>
Capital outlay	<u>-</u>	<u>71,898</u>	<u>-</u>	<u>-</u>	<u>71,898</u>
Long-term debt:					
Principal	-	-	518,000	-	518,000
Interest and fiscal charges	-	-	209,419	-	209,419
	<u>-</u>	<u>-</u>	<u>727,419</u>	<u>-</u>	<u>727,419</u>
Other expenditures:					
AEA flowthrough	<u>170,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,032</u>
Total expenditures	<u>5,850,521</u>	<u>164,038</u>	<u>727,419</u>	<u>548,832</u>	<u>7,290,810</u>
Excess (Deficiency) of revenues over (under) expenditures	520,180	454,875	(219,616)	(18,127)	737,312
Other financing sources (uses):					
Insurance proceeds	3,742	-	-	-	3,742
Proceeds from the sale of equipment	183	-	-	-	183
Transfer in	-	-	266,395	-	266,395
Transfer out	-	(266,395)	-	-	(266,395)
Total other financing sources (uses)	<u>3,925</u>	<u>(266,395)</u>	<u>266,395</u>	<u>-</u>	<u>3,925</u>
Change in fund balances	524,105	188,480	46,779	(18,127)	741,237
Fund balances beginning of year	224,179	1,379,011	84,806	169,406	1,857,402
Fund balances end of year	<u>\$ 748,284</u>	<u>1,567,491</u>	<u>131,585</u>	<u>151,279</u>	<u>2,598,639</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BAXTER 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 22) \$ 741,237

*Amounts reported for governmental activities in the Statement of Activities
are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense in the current year are as follows:

Capital outlay	\$ 33,699
Depreciation expense	<u>(384,055)</u>
	(350,356)

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 9,608

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in Statement of Net Position. 518,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 2,277

The current year District IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 334,549

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:

Termination benefits	(133,779)
Pension expense	(183,650)
Total OPEB liability and related expenses	<u>(24,699)</u>
	(342,128)

Change in net position of governmental activities (page 19) \$ 913,187

SEE NOTES TO FINANCIAL STATEMENTS.

BAXTER COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUND
 JUNE 30, 2024

	Business Type Activities:
	Enterprise Funds
	School
	Nutrition
Assets	
Current assets:	
Cash and pooled investments	\$ 160,890
Inventories	1,346
Total current assets	<u>162,236</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	840
Total assets	<u>163,076</u>
Deferred Outflows of Resources	
Pension related deferred outflows	21,989
OPEB related deferred outflows	4,074
Total deferred outflows of resources	<u>26,063</u>
Liabilities	
Current liabilities:	
Salaries and benefits payable	16,941
Unearned revenue	3,732
Total current liabilities	<u>20,673</u>
Noncurrent liabilities:	
Net pension liability	54,629
Total OPEB liability	9,027
Total noncurrent liabilities	<u>63,656</u>
Total liabilities	<u>84,329</u>
Deferred Inflows of Resources	
Pension related deferred inflows	1,779
OPEB related deferred inflows	7,304
Total deferred inflows of resources	<u>9,083</u>
Net Position	
Net investment in capital assets	840
Unrestricted	94,887
Total net position	<u>\$ 95,727</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BAXTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2024

	Business Type Activities:
	Enterprise Funds
	School
	Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 131,277
Miscellaneous	1,706
Total operating revenues	<u>132,983</u>
Operating expenses:	
Instructional staff:	
Other	4,301
Operation and maintenance of plant:	
Services	467
Total support services	<u>4,768</u>
Non-instructional programs:	
Food service operations:	
Salaries	88,228
Benefits	34,309
Services	158
Supplies	158,721
Depreciation	185
Other	668
Total operating expenses	<u>282,269</u>
	<u>287,037</u>
Operating loss	<u>(154,054)</u>
Non-operating revenues:	
State sources	2,003
Federal sources	158,053
Total non-operating revenues	<u>160,056</u>
Change in net position	6,002
Net position beginning of year	<u>89,725</u>
Net position end of year	<u>\$ 95,727</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BAXTER COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2024

	Business Type Activities:
	Enterprise Funds
	School
	Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 129,799
Cash received from miscellaneous	1,706
Cash payments to employees for services	(122,940)
Cash payments to suppliers for goods or services	(131,143)
Net cash used in operating activities	<u><u>(122,578)</u></u>
Cash flows from non-capital financing activities:	
State grants received	2,003
Federal grants received	<u><u>126,104</u></u>
Net cash provided by non-capital financing activities	<u><u>128,107</u></u>
Net increase in cash and pooled investments	5,529
Cash and pooled investments beginning of year	<u><u>155,361</u></u>
Cash and pooled investments end of year	<u><u>\$ 160,890</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (154,054)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	31,949
Depreciation	185
Change in assets and liabilities:	
Inventories	1,223
Salaries and benefits payable	2,554
Net pension liability	7,644
Deferred outflows of resources	(5,852)
Deferred inflows of resources	(1,013)
Unearned revenue	(1,478)
Total OPEB liability	(3,736)
Net cash used in operating activities	<u><u>\$ (122,578)</u></u>
Non-cash investing, capital and related financing activities:	

During the year ended June 30, 2024, the District received \$31,949 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

BAXTER COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(1) Summary of Significant Accounting Policies

Baxter 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 Baxter, Iowa and the predominate agricultural territory in Jasper and Marshall Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Baxter Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Jasper and Marshall County Assessors' Conference Boards.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction or improvement of those assets.

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources that are 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 and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

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

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

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

The District reports the following nonmajor proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity/ Net Position

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investments in the Iowa Schools Joint Investment Trust which are valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, 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, which include property, machinery and equipment and intangibles acquired after July 1, 1980 are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ -
Buildings	5,000
Land improvements	5,000
Intangibles	50,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

Land and construction in progress are not depreciated. The other tangible and intangible property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2+ years
Machinery and equipment	5-12 years

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.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Position for the Proprietary, School Nutrition Fund.

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

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

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund while the portion attributable to the business type activities will be paid primarily by the Enterprise, School Nutrition Fund.

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

Deferred inflows of resources on the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unrecognized items not yet charged to pension and OPEB expense.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

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

Unassigned - All amounts not included in the preceding classification.

E. Budget 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 amounts budgeted in the instruction and non-instructional programs functions.

(2) Cash 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 Funds in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2024, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) Direct Government Obligations Portfolio which are valued at an amortized cost of \$43,248 respectively. There were no limitations or restrictions on withdrawals of the ISJIT. The investments in ISJIT were rated AAAm by Standard's and Poor's Financial Services.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 266,395</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was for principal and interest payments on the District's revenue bonded indebtedness.

(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
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 105,602	-	-	105,602
Capital assets being depreciated:				
Buildings	16,066,655	-	-	16,066,655
Land improvements	488,233	13,200	-	501,433
Machinery and equipment	865,402	20,499	-	885,901
Total capital assets being depreciated	17,420,290	33,699	-	17,453,989
Less accumulated depreciation for:				
Buildings	4,015,631	318,877	-	4,334,508
Land improvements	336,295	16,084	-	352,379
Machinery and equipment	719,570	49,094	-	768,664
Total accumulated depreciation	5,071,496	384,055	-	5,455,551
Total capital assets being depreciated, net	12,348,794	(350,356)	-	11,998,438
Governmental activities capital assets, net	<u>\$ 12,454,396</u>	<u>(350,356)</u>	-	<u>12,104,040</u>
Business type activities:				
Machinery and equipment	\$ 67,289	-	-	67,289
Less accumulated depreciation	66,264	185	-	66,449
Business type activities capital assets, net	<u>\$ 1,025</u>	<u>(185)</u>	-	<u>840</u>

Depreciation expense was charged to the following functions:

Governmental activities:		
Instruction:		
Other		\$ 4,089
Support services:		
Administration		4,889
Operation and maintenance of plant		1,732
Transportation		38,384
		49,094
Unallocated depreciation		334,961
Total governmental activities depreciation expense		<u>\$ 384,055</u>
Business type activities:		
Food service operations		\$ 185

(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	\$ 5,206,000	-	293,000	4,913,000	288,000
Revenue bonds	1,450,000	-	225,000	1,225,000	230,000
Termination benefits	-	145,754	11,975	133,779	36,892
Net pension liability	1,625,064	321,356	-	1,946,420	-
Total OPEB liability	342,748	-	118,522	224,226	-
Total	<u>\$ 8,623,812</u>	<u>467,110</u>	<u>648,497</u>	<u>8,442,425</u>	<u>554,892</u>
Business type activities:					
Net pension liability	\$ 46,985	7,644	-	54,629	-
Total OPEB liability	12,763	-	3,736	9,027	-
Total	<u>\$ 59,748</u>	<u>7,644</u>	<u>3,736</u>	<u>63,656</u>	<u>-</u>

General Obligation Bonds

Details of the District's June 30, 2024 general obligation bonded indebtedness are as follows:

Year Ending June 30,	General Obligation Bonds issued June 4, 2019			General Obligation Bonds issued June 3, 2020			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2025	4.00 % \$	255,000	154,350	3.10 % \$	33,000	1,023	288,000	155,373	443,373
2026	4.00	265,000	144,150		-	-	265,000	144,150	409,150
2027	4.00	275,000	133,550		-	-	275,000	133,550	408,550
2028	3.00	285,000	122,550		-	-	285,000	122,550	407,550
2029	3.00	295,000	114,000		-	-	295,000	114,000	409,000
2030-2034	3.00	1,625,000	431,250		-	-	1,625,000	431,250	2,056,250
2035-2039	3.00	1,880,000	172,500		-	-	1,880,000	172,500	2,052,500
Total		<u>\$ 4,880,000</u>	<u>1,272,350</u>		<u>\$ 33,000</u>	<u>1,023</u>	<u>4,913,000</u>	<u>1,273,373</u>	<u>6,186,373</u>

Revenue Bonds

Details of the District's June 30, 2024 statewide sales, services, and use tax revenue bonded indebtedness is as follows:

Year Ending June 30,	Revenue Bonds issued June 27, 2019				
	Interest Rate	Principal	Interest	Total	
2025	2.64 % \$	230,000	32,340	262,340	
2026	2.64	240,000	26,268	266,268	
2027	2.64	245,000	19,932	264,932	
2028	2.64	250,000	13,464	263,464	
2029	2.64	260,000	6,864	266,864	
Total		<u>\$ 1,225,000</u>	<u>98,868</u>	<u>1,323,868</u>	

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,300,000 of bonds issued in June 2019. The bonds were issued for the purpose of providing funds to build, furnish, and equip additions to and repair, remodel, equip, and improve existing school facilities, including site improvements. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2029. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds

are expected to require approximately 55% of the statewide sales, service and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$1,323,868. For the current year \$225,000 in principal and \$38,280 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$475,172.

Termination Benefits

In March 2023, the District approved a voluntary early retirement plan for an employee. Early retirement benefits were equal to forty monthly payments of \$1,088.62 towards the retiree's single health insurance premiums.

In February 2024, the District approved a voluntary early retirement plan for an employee. Early retirement benefits were equal to eighty-four monthly payments of \$1,088.62 towards the retiree's single health insurance premiums, as well as a one-time cash payment of \$100 per day of unused sick days.

At June 30, 2024 the District has obligations to two participants with a total liability of \$133,779. Actual early retirement expenditures for the year ended June 30, 2024 totaled \$11,975.

(6) Pension Plan

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

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

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 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 were \$343,057.

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 \$2,001,049 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 0.044333%, which was an increase of 0.000077% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$187,363. 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	\$ 169,291	8,225
Changes of assumptions	-	32
Net difference between projected and actual earnings on IPERS' investments	185,321	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	139,184	56,881
District contributions subsequent to the measurement date	343,057	-
Total	\$ 836,853	65,138

\$343,057 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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 Ended		Amount
June 30,		
2025	\$ (39,564)	
2026	(131,745)	
2027	485,964	
2028	99,776	
2029	14,227	
Total	\$ 428,658	

There were no non-employer contributing entities at 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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	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	100.0%	

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

active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 4,254,676	2,001,049	112,472

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – At June 30, 2024, the District reported payables to IPERS of \$25,638 for legally required District contributions and \$17,083 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(7) Other Postemployment Benefits (OPEB)

Plan Description - The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits - Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At July 1, 2023, the following employees were covered by the benefit terms:

Active employees

49

Total OPEB Liability - The District's total OPEB liability of \$233,253 was measured as of June 30, 2024 and was determined by an actuarial valuation dated July 1, 2023.

Actuarial Assumptions - Total OPEB liability for the June 30, 2024 reporting 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	3.00% per annum.
Rates of salary increase	3.25% per annum, including inflation.
Discount rate	3.65% compounded annually, including inflation.
Healthcare cost trend rate	6.50% for FY2024, decreasing to an ultimate rate of 5.00%.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.65% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement. Termination and retirement rates mirror those used in the IPERS actuarial valuation.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 355,511
Changes for the year:	
Service cost	24,131
Interest	8,246
Differences between expected and actual experiences	(124,079)
Changes in assumptions	(28,747)
Benefit payments	<u>(1,809)</u>
Net changes	<u>(122,258)</u>
Total OPEB liability end of year	<u><u>\$ 233,253</u></u>

Changes of assumptions reflect a change in the discount rate from 2.14% in fiscal year 2023 to 3.65% 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 1% lower (2.65%) or 1% higher (4.65%) than the current discount rate.

	1%	Discount	1%
	Decrease	Rate	Increase
	(2.65%)	(3.65%)	(4.65%)
Total OPEB liability	\$ 254,733	233,253	213,465

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates 1% lower (5.50%) or 1% higher (7.50%) than the current healthcare cost trend rates.

	1%	Healthcare	1%
	Decrease	Cost Trend	Increase
	(5.50%)	(6.50%)	(7.50%)
Total OPEB liability	\$ 206,232	233,253	265,065

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended June 30, 2024, the District recognized OPEB expense of \$28,346. At June 30, 2024, the District reported deferred outflows/inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,467	162,311
Changes in assumptions	60,796	26,447
Total	\$ 105,263	188,758

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

Year Ended June 30,	Amount
2025	\$ (4,031)
2026	(4,031)
2027	(4,031)
2028	(4,031)
2029	(4,031)
Thereafter	<u>(63,340)</u>
Total	<u>\$ (83,495)</u>

(8) 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 \$170,032 for the year ended June 30, 2024 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(9) Risk Management

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

(10) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa.

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:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Baxter	Urban Renewal and Economic Development Projects	\$ 9,725

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 \$3,659.

(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.

Program	Amount
Gifted and Talented Programs	\$ 16,234
Four-Year-Old Preschool State Aid	61,838
Successful Progression for Early Readers	26,018
Professional Development	434
Total	\$ 104,524

(12) Reconciliation of Governmental Fund Balances to Net Position

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

	Net investment in Capital Assets	Debt Service	Management Levy	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	131,585	86,040	643,760
Capital assets, net of accumulated depreciation/amortization	12,104,040	-	-	-
General obligation bond capitalized indebtedness	(4,913,000)	-	-	-
Revenue bond capitalized indebtedness	(1,225,000)	-	-	-
Accrued interest payable	-	(25,896)	-	-
Income surtax	-	-	-	216,996
Termination benefits	-	-	(86,040)	(47,739)
Pension related deferred outflows	-	-	-	814,864
Pension related deferred inflows	-	-	-	(63,359)
Net pension liability	-	-	-	(1,946,420)
Total OPEB liability	-	-	-	(224,226)
OPEB related deferred outflows	-	-	-	101,189
OPEB related deferred inflows	-	-	-	(181,454)
Net position (Exhibit A)	\$ 5,966,040	105,689	-	(686,389)

(13) Budget Overexpenditures

Per the Code of Iowa, expenditures may not exceed appropriations at the function level. During the year ended June 30, 2024 expenditures exceeded the amounts budgeted in the instruction and non-instructional programs functions.

(14) 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 the Districts will continue to flow through to each AEA, while 60% of the funding will be retained by the District that generated the funds.

REQUIRED SUPPLEMENTARY INFORMATION

BAXTER 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	Proprietary	Total	Budgeted Amounts		Final to
	Funds Actual	Funds Actual		Original	Final	Actual Variance
Revenues:						
Local sources	\$ 4,360,428	132,983	4,493,411	3,823,535	3,823,535	669,876
Intermediate sources	-	-	-	3,000	3,000	(3,000)
State sources	3,432,723	2,003	3,434,726	3,295,489	3,295,489	139,237
Federal sources	234,971	158,053	393,024	245,000	245,000	148,024
Total revenues	8,028,122	293,039	8,321,161	7,367,024	7,367,024	954,137
Expenditures/Expenses:						
Instruction	4,056,728	-	4,056,728	3,734,500	3,734,500	(322,228)
Support services	2,264,733	4,768	2,269,501	3,051,500	3,051,500	781,999
Non-instructional programs	-	282,269	282,269	205,000	205,000	(77,269)
Other expenditures	969,349	-	969,349	1,081,469	1,081,469	112,120
Total expenditures/expenses	7,290,810	287,037	7,577,847	8,072,469	8,072,469	494,622
Excess (Deficiency) of revenues over (under) expenditures/expenses	737,312	6,002	743,314	(705,445)	(705,445)	1,448,759
Other financing sources, net	3,925	-	3,925	-	-	3,925
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	741,237	6,002	747,239	(705,445)	(705,445)	1,452,684
Balances beginning of year	1,857,402	89,725	1,947,127	800,327	800,327	1,146,800
Balances end of year	\$ 2,598,639	95,727	2,694,366	94,882	94,882	2,599,484

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BAXTER 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 comparison for the General Fund and each major Special Revenue Fund.

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

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

During the year ended June 30, 2024, expenditures in the instruction and non-instructional programs functions exceeded the amounts budgeted.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.044333%	0.044256%	0.015968%	0.039808%	0.042510%	0.041119%	0.039992%	0.040586%	0.040567%	0.041137%
District's proportionate share of the net pension liability	\$ 2,001,049	1,672,049	55,124	2,796,402	2,461,615	2,602,084	2,663,949	2,554,183	2,004,225	1,631,452
District's covered payroll	\$ 3,893,498	3,564,364	3,191,345	3,041,335	3,235,180	3,090,448	2,985,185	2,912,576	2,779,239	2,691,825
District's proportionate share of the net pension liability as a percentage of its covered payroll	51.39%	46.91%	1.73%	91.95%	76.09%	84.20%	89.24%	87.69%	72.11%	60.61%
IPERS' net position as a percentage of the total pension liability	90.13%	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 343,057	367,546	336,476	301,263	287,102	305,401	275,977	266,577	260,093	248,186
Contributions in relation to the statutorily required contribution	<u>(343,057)</u>	<u>(367,546)</u>	<u>(336,476)</u>	<u>(301,263)</u>	<u>(287,102)</u>	<u>(305,401)</u>	<u>(275,977)</u>	<u>(266,577)</u>	<u>(260,093)</u>	<u>(248,186)</u>
Contribution deficiency (excess) \$	<u>-</u>									
District's covered payroll	\$ 3,634,078	3,893,498	3,564,364	3,191,345	3,041,335	3,235,180	3,090,448	2,985,185	2,912,576	2,779,239
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BAXTER COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - 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 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%.

**BAXTER 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	2020	2019	2018
Service cost	\$ 24,131	27,788	26,913	22,303	21,601	22,255	21,555
Interest cost	8,246	7,497	6,818	9,711	8,721	9,328	8,324
Differences between expected and actual experiences	(124,079)	-	(27,435)	-	(41,102)	-	86,530
Changes in assumptions	(28,747)	-	34,692	-	1,280	-	63,957
Benefit payments	(1,809)	(4,592)	(1,268)	(4,148)	(1,269)	(3,817)	(1,168)
Net change in total OPEB liability	(122,258)	30,693	39,720	27,866	(10,769)	27,766	179,198
Total OPEB liability beginning of year	355,511	324,818	285,098	257,232	268,001	240,235	61,037
Total OPEB liability end of year	<u>\$ 233,253</u>	<u>355,511</u>	<u>324,818</u>	<u>285,098</u>	<u>257,232</u>	<u>268,001</u>	<u>240,235</u>
Covered-employee payroll	\$ 2,424,058	2,339,473	2,265,833	2,395,865	2,320,450	2,322,145	2,249,051
Total OPEB liability as a percentage of covered-employee payroll	9.62%	15.20%	14.34%	11.90%	11.09%	11.54%	10.68%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BAXTER 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:

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	3.65%
Year ended June 30, 2023	2.14%
Year ended June 30, 2022	2.14%
Year ended June 30, 2021	3.50%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	2.50%

SUPPLEMENTARY INFORMATION

Schedule 1

BAXTER COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2024

	Special Revenue			
	Management Levy	Student Activity	Support Trust	Total
Assets				
Cash and pooled investments	\$ 84,411	35,131	30,108	149,650
Receivables:				
Property tax:				
Delinquent	1,629	-	-	1,629
Succeeding year	320,000	-	-	320,000
Total assets	\$ 406,040	35,131	30,108	471,279
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:	\$ -	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property taxes	320,000	-	-	320,000
Fund balances:				
Restricted for:				
Management levy purposes	86,040	-	-	86,040
Student activities	-	35,131	-	35,131
Support trust purposes	-	-	30,108	30,108
Total fund balances	86,040	35,131	30,108	151,279
Total liabilities, deferred inflows of resources and fund balances	\$ 406,040	35,131	30,108	471,279

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 2

BAXTER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2024

	Special Revenue			
	Management Lewy	Student Activity	Support Trust	Total
Revenues:				
Local sources:				
Local tax	\$ 237,734	-	-	237,734
Other	-	289,994	-	289,994
State sources	2,977	-	-	2,977
Total revenues	240,711	289,994	-	530,705
Expenditures:				
Current:				
Instruction:				
Regular	39,822	-	-	39,822
Other	-	279,918	-	279,918
Support services:				
Administration	23,166	-	-	23,166
Operation and maintenance of plant	185,974	-	-	185,974
Transportation	19,952	-	-	19,952
Total expenditures	268,914	279,918	-	548,832
Change in fund balances	(28,203)	10,076	-	(18,127)
Fund balances beginning of year	114,243	25,055	30,108	169,406
Fund balances end of year	\$ 86,040	35,131	30,108	151,279

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 3

BAXTER COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUND ACCOUNTS
 JUNE 30, 2024

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Projects	Total
Assets				
Cash and pooled investments	\$ 1,047,766	432,162	43,269	1,523,197
Receivables:				
Property tax:				
Delinquent	-	571	-	571
Succeeding year	-	85,112	-	85,112
Income surtax	-	48,221	-	48,221
Due from other governments	43,723	-	-	43,723
Total assets	\$ 1,091,489	566,066	43,269	1,700,824
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:	\$	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	85,112	-	85,112
Income surtax	-	48,221	-	48,221
Total deferred inflows of resources	-	133,333	-	133,333
Fund balances:				
Restricted for:				
School infrastructure	1,091,489	-	43,269	1,134,758
Physical plant and equipment	-	432,733	-	432,733
Total fund balances	1,091,489	432,733	43,269	1,567,491
Total liabilities, deferred inflows of resources and fund balances	\$ 1,091,489	566,066	43,269	1,700,824

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 4

BAXTER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUND ACCOUNTS
 YEAR ENDED JUNE 30, 2024

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Projects	Total
Revenues:				
Local sources:				
Local tax	\$ -	140,488	-	140,488
Other	-	-	2,223	2,223
State sources	475,172	1,030	-	476,202
Total revenues	475,172	141,518	2,223	618,913
Expenditures:				
Current:				
Instruction:				
Regular	-	6,377	-	6,377
Support services:				
Student	130	-	-	130
Instructional staff	41,150	-	-	41,150
Administration	-	1,896	-	1,896
Operation and maintenance of plant	31,598	-	-	31,598
Transportation	6,088	4,901	-	10,989
Capital outlay	62,895	9,003	-	71,898
Total expenditures	141,861	22,177	-	164,038
Excess of revenues over expenditures	333,311	119,341	2,223	454,875
Other financing uses:				
Transfer out	(266,395)	-	-	(266,395)
Change in fund balances	66,916	119,341	2,223	188,480
Fund balances beginning of year	1,024,573	313,392	41,046	1,379,011
Fund balances end of year	\$ 1,091,489	432,733	43,269	1,567,491

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 5

BAXTER 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	Balance End of Year
Drama/Speech	\$ 1,026	1,362	1,886	502	
Academic Decathlon	-	1,073	1,073	-	
FCCLA	1,969	-	-	1,969	
Bartholmey Academic Decathlon	397	1,084	648	833	
Bartholmey Music	1,750	953	359	2,344	
Music	-	19,955	17,523	2,432	
Hasselbrink Basketball	1,835	2,561	3,702	694	
Moffit Baseball	2,896	3,472	962	5,406	
Applegate Cheer	2,644	4,176	4,898	1,922	
Russell Girls Track	766	700	656	810	
Athletics	-	30,828	30,778	50	
Hall of Fame	-	635	635	-	
Bolts Boys Basketball	-	6,941	6,941	-	
Pickett Golf	785	1,220	1,415	590	
Krampe Basketball	-	5,265	470	4,795	
Wesselink Volleyball	386	4,139	2,431	2,094	
Bolts Football	-	102,647	102,647	-	
Luther Football	1,830	11,331	8,680	4,481	
Gliem Wrestling	-	11,339	11,339	-	
Bolts Baseball	-	8,197	8,197	-	
Bolts Boys Track	-	6,253	6,253	-	
Hermes Track	-	491	284	207	
Bolts Golf	-	1,201	1,201	-	
Bolts Wrestling	-	3,359	3,359	-	
Tuhn Softball	-	6,768	3,819	2,949	
Bolts Girls Basketball	-	4,202	4,202	-	
Vaughn Cross Country	459	1,507	1,966	-	
Bolts Volleyball	-	3,666	3,666	-	
Bolts Softball	-	4,255	4,255	-	
Bolts Girls Track	-	6,393	6,393	-	
Bolts Cross Country	-	928	928	-	
Bolts Soccer	-	1,298	1,298	-	
Swalwell Trust	4,544	588	5,132	-	
Bolts Cheerleading	-	90	90	-	
Drill Team	-	3,833	3,833	-	
Student Council	126	6,811	5,450	1,487	
Class of 2023	475	-	475	-	
Class of 2024	1,437	6,332	7,769	-	
Class of 2025	-	3,517	3,196	321	
Honor Society	-	54	54	-	
Club Art	1,245	-	-	1,245	
Interest	-	448	448	-	
Yearbook	485	10,122	10,607	-	
Total	\$ 25,055	289,994	279,918	35,131	

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 6

BAXTER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUNDS
 FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues:										
Local sources:										
Local tax	\$ 2,685,206	2,387,744	2,203,905	2,109,942	1,905,167	1,864,033	1,777,662	1,707,113	1,661,957	1,597,265
Tuition	1,247,034	1,058,465	855,295	923,961	829,744	868,903	835,657	725,634	616,333	589,795
Other	428,188	331,680	396,720	280,369	386,229	424,626	489,147	281,407	222,168	279,371
State sources	3,432,723	3,339,372	2,959,602	2,645,186	2,437,907	2,479,295	2,577,815	2,658,896	2,604,110	2,575,984
Federal sources	234,971	353,153	375,004	361,044	130,017	184,986	136,895	125,576	129,099	114,488
Total	\$ 8,028,122	7,470,414	6,790,526	6,320,502	5,689,064	5,821,843	5,817,176	5,498,626	5,233,667	5,156,903
Expenditures:										
Instruction:										
Regular	\$ 2,477,322	2,483,039	2,331,453	2,134,333	1,994,948	1,959,955	1,992,494	1,834,853	1,829,602	1,738,732
Special	618,384	709,184	615,923	579,050	461,453	455,051	391,412	377,028	369,651	348,498
Other	961,022	984,267	909,919	875,414	776,027	864,830	915,748	769,994	744,315	774,638
Support services:										
Student	245,393	239,047	241,630	161,920	130,202	102,618	98,904	120,415	105,411	98,531
Instructional staff	243,662	267,759	154,691	169,263	167,744	229,358	122,384	138,129	143,323	123,682
Administration	798,343	844,506	778,887	762,454	772,440	834,482	663,230	657,046	654,903	639,524
Operation and maintenance of plant	781,736	783,157	759,720	1,092,120	647,255	595,052	613,235	663,866	449,461	585,813
Transportation	195,599	217,192	185,756	198,591	131,640	188,559	350,215	235,404	125,698	151,674
Non-instructional programs	-	-	-	-	-	-	-	-	4,962	-
Capital outlay	71,898	59,153	247,859	948,088	6,652,674	972,081	167,394	57,759	47,342	160,924
Long-term debt:										
Principal	518,000	500,000	483,000	466,000	420,000	330,000	260,000	310,000	205,000	275,000
Interest	209,419	227,227	249,037	260,676	253,568	30,345	42,900	58,087	67,313	80,102
Other expenditures:										
AEA flowthrough	170,032	168,532	155,567	145,081	141,976	141,846	143,760	142,453	143,799	144,960
Total	\$ 7,290,810	7,483,063	7,113,442	7,792,990	12,549,927	6,704,177	5,761,676	5,365,034	4,890,780	5,122,078

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

To the Board of Education of Baxter 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 Baxter 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 August 13, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Baxter 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 Baxter Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Baxter Community School District's internal control.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in Part I of the accompanying Schedule of Findings as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

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

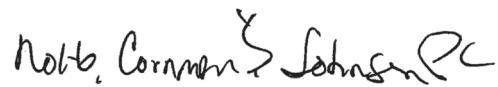
Baxter Community School District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedure on Baxter Community School District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Baxter 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 Baxter Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

August 13, 2025
Newton, Iowa

BAXTER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2024

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

2024-001 Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody, and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the District's financial statements.

Condition - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over one or more of the following areas for the District:

- 1) Cash - handling and recording cash, posting and reconciling.
- 2) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 3) Disbursements - purchase order processing, check preparation, mailing and recording.
- 4) Wire transfers - processing and approving.
- 5) Computer systems - performing all general accounting functions and controlling all data input and output.
- 6) Journal entries - writing, approving, and posting.
- 7) School lunch program - journalizing, posting, reconciling, purchase order processing, check preparation, mailing and recording.

Cause - The District has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect the District's ability to prevent or detect and correct misstatements, errors, or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Planned - The District continues to practice and re-evaluate segregation of duties including the following areas:

- 1) Cash - Any cash handling is done at the elementary and secondary offices. Any cash amounts turned into the office(s) must be documented by the person(s) turning into the office. The secretaries verify the cash with the

documentation provided; and deposit the cash to the bank accounts. The business manager inputs the deposit(s) and reconciles the deposit(s) in the accounting software. Therefore, from inception to completion a minimum of three individuals have verified the cash received.

- 2) Receipts - Similar to the cash handling, the elementary and secondary office secretaries perform the collecting, verification of funds received with the documentation provided, and depositing while the business manager posts and reconciles in the accounting software. Therefore, from inception to completion a minimum of three individuals have verified the receipts.
- 3) Disbursements - The District has moved to an electronic purchase order process beginning in 2023-24. In most cases, purchase orders are approved by an immediate supervisor and by the superintendent in the remaining cases where department heads are completing the purchase orders, the superintendent only approves.
- 4) Wire transfers - The only wire transfers done are to employees 403(b) State Plans, therefore documented and verified by each employee who elects to participate.
- 5) Computer systems - While the business manager is the only individual to input and output the accounting functions, several various individuals, including district auditors, review and verify data.
- 6) Journal entries - The superintendent approves the journal entries made by the business manager.
- 7) School lunch program - School lunch program purchase orders are handled as indicated above. Written checks are verified and matched to invoices that were previously matched to the purchase orders by one of the secretaries. Additionally, in no case does the business manager mail checks.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

2024-A Certified Budget - Expenditures for the year ended June 30, 2024 exceeded the certified budgeted amounts in the instruction and non-instructional programs functions.

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 ensure an amendment to the budget is done accordingly.

Conclusion - Response accepted.

2024-B Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

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.

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 - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted an instance of board minutes not furnished for publication within two weeks following adjournment as required by Chapter 279.35 of the Code of Iowa.

Recommendation - The District should furnish a copy of Board proceedings for publication within two weeks of each meeting in compliance with Chapter 279.35 of the Code of Iowa.

Response - The District will ensure all publications are submitted within the confines of the law.

Conclusion - Response accepted.

2024-H Certified Enrollment - We noted variances in the certified enrollment data certified to the Iowa Department of Education. The District's enrollment data was understated by 3.00 students.

Recommendation - The District should contact the Iowa Department of Education and Iowa Department of Management to resolve this matter.

Response - The District's auditors will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.

Conclusion - Response accepted.

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

2024-J Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

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

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 non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2024, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance	\$ 1,024,573
Revenues:	
Sales tax revenues	\$ 475,172
Expenditures/transfers out:	
School infrastructure construction	62,895
Other	78,966
Transfers to other funds:	
Debt service fund	<u>266,395</u> <u>408,256</u>
Ending balance	<u>\$ 1,091,489</u>

For the year ended June 30, 2024, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.