

CLARINDA COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2022

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**Clarinda Community School District**

**Officials**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term Expires</u></b>
<b>Board of Education</b>		
Darin Sunderman	President	2023
Trish Bergren	Vice President	2023
Paul Boysen	Board Member	2025
Scott Honeyman	Board Member	2025
Greg Jones	Board Member	2023
<b>School Officials</b>		
Chris Bergman	Superintendent	2022
Nancy McKinnon	Board Secretary/Treasurer and Director of Finance	2022
Ahlers & Cooney, P.C.	Attorney	2022

**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**

To the Board of Education of Clarinda Community School District:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clarinda Community School District, Clarinda, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clarinda Community School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 15 and 45 through 51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clarinda Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2021 (which are not presented herein) and expressed an unmodified opinion on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 6, 2023 on our consideration of Clarinda Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Clarinda Community School District's internal control over financial reporting and compliance.

  
NOLTE, CORNMAN & JOHNSON, P.C.

September 6, 2023  
Newton, Iowa

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### 2022 FINANCIAL HIGHLIGHTS

- The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain asset accounts related to leases, increasing the governmental activities beginning net position by \$252,322.
- The District's total net position increased from \$9,299,540, restated July 1, 2021, to \$11,891,615 at June 30, 2022. Total revenues increased 3.40% from \$15,359,288 in fiscal year 2021 to \$15,881,208 in fiscal year 2022, while total expenses decreased 9.89% from \$14,748,245 in fiscal year 2021 to \$13,289,133 in fiscal year 2022. A significant increase in revenues from operating grants, contributions and restricted interest was the primary reason for the increase in total revenues. The largest decrease in total expenses occurred in the instruction functional area.
- General Fund revenues increased from \$12,987,585 in fiscal year 2021 to \$13,451,713 in fiscal year 2022, while General Fund expenditures increased from \$12,524,042 in fiscal year 2021 to \$12,720,036 in fiscal year 2022. Accordingly, the District's General Fund balance increased from \$2,405,314 at June 30, 2021 to \$3,136,991 at June 30, 2022.
- The increase in total General Fund revenues was mainly due to an increase in federal funding compared to the prior year. The increase in total General Fund expenditures was due, in part, to an increase in costs incurred for support services.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Clarinda Community School District as a whole and present an overall view of the District's finances.

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

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

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

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

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

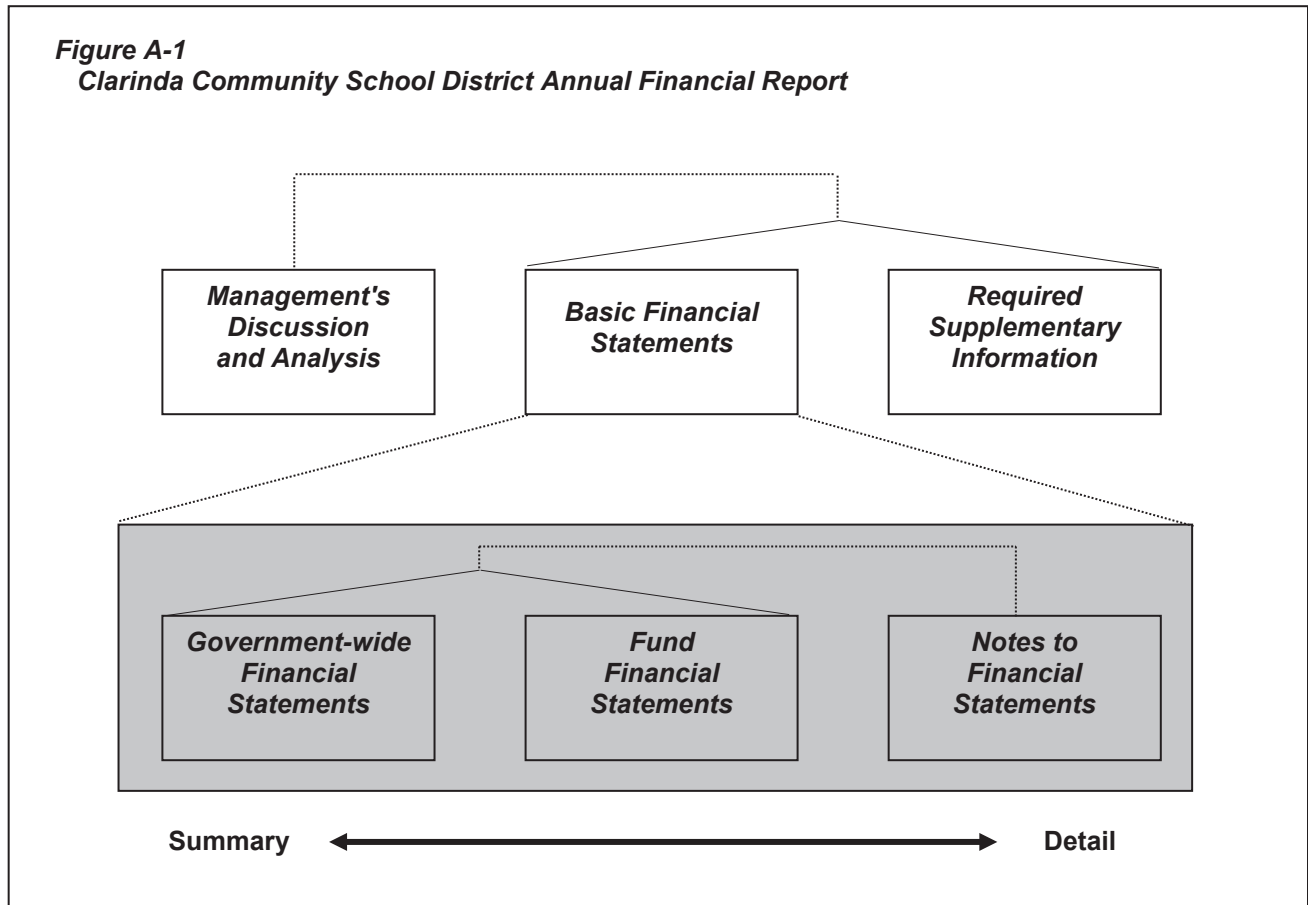




Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</b>			
	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"> <li>· Statement of net position</li> <li>· Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>· Balance sheet</li> <li>· Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>· Statement of net position</li> <li>· Statement of revenues, expenses and changes in fund net position</li> <li>· Statement of cash flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

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

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

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

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

### **Fund Financial Statements**

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

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

The District has two kinds of funds:

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

The District's governmental funds include the General Fund, the Special Revenue Funds, the Capital Projects Fund and the Debt Service Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities, but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund. The District's Internal Service Fund, another type of proprietary fund, is the same as the governmental activities, but provides more detail and additional information, such as cash flows. The District's Internal Service Fund is used to report activities associated with the District's partially self-funded insurance plan.

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2022 compared to June 30, 2021.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2022	Restated 2021	2022	Not Restated 2021	2022	Restated 2021	2021-22
Current and other assets	\$ 13,281,217	11,981,620	429,390	327,772	13,710,607	12,309,392	11.38%
Capital assets	9,268,303	9,153,241	108,273	71,959	9,376,576	9,225,200	1.64%
Total assets	22,549,520	21,134,861	537,663	399,731	23,087,183	21,534,592	7.21%
Deferred outflows of resources	1,274,359	1,530,674	44,317	45,828	1,318,676	1,576,502	-16.35%
Long-term liabilities	1,521,593	7,186,491	45,991	209,729	1,567,584	7,396,220	-78.81%
Other liabilities	1,571,438	1,661,473	59,400	51,244	1,630,838	1,712,717	-4.78%
Total liabilities	3,093,031	8,847,964	105,391	260,973	3,198,422	9,108,937	-64.89%
Deferred inflows of resources	9,169,872	4,679,341	145,950	23,276	9,315,822	4,702,617	98.10%
Net position:							
Net investment in capital assets	9,047,607	9,153,241	108,273	71,959	9,155,880	9,225,200	-0.75%
Restricted	4,315,419	3,618,125	-	-	4,315,419	3,618,125	19.27%
Unrestricted	(1,802,050)	(3,633,136)	222,366	89,351	(1,579,684)	(3,543,785)	55.42%
Total net position	\$ 11,560,976	9,138,230	330,639	161,310	11,891,615	9,299,540	27.87%

The District's total net position increased 27.87%, or \$2,592,075.

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

Restricted net position represents resources subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net position increased \$697,294, or 19.27%, from the prior year. The increase in restricted net position is primarily due to the increase in the amount restricted for school infrastructure 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 \$1,964,101, or 55.42%. The increase in unrestricted net position was primarily a result of the decrease in the District's net pension liability.

Figure A-4 shows the changes in net position for the year ended June 30, 2022 compared to the year ended June 30, 2021.

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2022	Not Restated 2021	2022	Not Restated 2021	2022	Not Restated 2021	2021-22
Revenues:							
Program revenues:							
Charges for service	\$ 1,315,641	1,452,563	14,737	28,833	1,330,378	1,481,396	-10.19%
Operating grants, contributions and restricted interest	1,893,333	1,396,248	922,657	836,360	2,815,990	2,232,608	26.13%
General revenues:							
Property tax	4,022,056	3,954,731	-	-	4,022,056	3,954,731	1.70%
Income surtax	396,251	474,474	-	-	396,251	474,474	-16.49%
Statewide sales, services and use tax	1,143,809	989,975	-	-	1,143,809	989,975	15.54%
Unrestricted state grants	6,152,940	6,183,559	-	-	6,152,940	6,183,559	-0.50%
Unrestricted investment earnings	2,710	6,596	80	144	2,790	6,740	-58.61%
Other	14,620	33,177	2,374	2,628	16,994	35,805	-52.54%
Total revenues	<u>14,941,360</u>	<u>14,491,323</u>	<u>939,848</u>	<u>867,965</u>	<u>15,881,208</u>	<u>15,359,288</u>	<u>3.40%</u>
Program expenses:							
Instruction	7,637,100	8,647,700	-	-	7,637,100	8,647,700	-11.69%
Support services	4,084,022	4,594,291	1,188	440	4,085,210	4,594,731	-11.09%
Non-instructional programs	-	-	769,331	732,062	769,331	732,062	5.09%
Other expenses	797,492	773,752	-	-	797,492	773,752	3.07%
Total expenses	<u>12,518,614</u>	<u>14,015,743</u>	<u>770,519</u>	<u>732,502</u>	<u>13,289,133</u>	<u>14,748,245</u>	<u>-9.89%</u>
Change in net position	2,422,746	475,580	169,329	135,463	2,592,075	611,043	324.21%
Net position beginning of year, as restated	<u>9,138,230</u>	<u>8,410,328</u>	<u>161,310</u>	<u>25,847</u>	<u>9,299,540</u>	<u>8,436,175</u>	<u>10.23%</u>
Net position end of year	<u>\$ 11,560,976</u>	<u>8,885,908</u>	<u>330,639</u>	<u>161,310</u>	<u>11,891,615</u>	<u>9,047,218</u>	<u>31.44%</u>

In fiscal year 2022, property tax and unrestricted state grants accounted for 68.10% of governmental activities revenues, while charges for service and operating grants, contributions and restricted interest accounted for 99.74% of business type activities revenues.

The District's total revenues were approximately \$15.88 million, of which approximately \$14.94 million was for governmental activities and approximately \$0.94 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.40% increase in revenues and a 9.89% decrease in expenses. A significant increase in revenues from operating grants, contributions and restricted interest was the primary reason for the increase in total revenues. The largest decrease in total expenses occurred in the instruction functional area.

## Governmental Activities

Revenues for governmental activities were \$14,941,360 and expenses were \$12,518,614 for the year ended June 30, 2022.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses for the year ended June 30, 2022 compared to those expenses for the year ended June 30, 2021.

	Total Cost of Services			Net Cost of Services		
	2022	2021	Change 2021-22	2022	2021	Change 2021-22
Instruction	\$ 7,637,100	8,647,700	-11.69%	5,107,287	6,427,716	-20.54%
Support services	4,084,022	4,594,291	-11.11%	3,858,646	4,422,030	-12.74%
Other expenses	797,492	773,752	3.07%	343,707	317,186	8.36%
Total	<u>\$ 12,518,614</u>	<u>14,015,743</u>	<u>-10.68%</u>	<u>9,309,640</u>	<u>11,166,932</u>	<u>-16.63%</u>

For the year ended June 30, 2022:

- The cost financed by users of the District's programs was \$1,315,641.
- Federal and state governments, along with contributions from local sources, subsidized certain programs and projects with grants and contributions totaling \$1,893,333.
- The net cost of governmental activities was financed with \$4,022,056 in property tax, \$396,251 in income surtax, \$1,143,809 in statewide sales, services and use tax, \$6,152,940 in unrestricted state grants, \$2,710 in interest income and \$14,620 in other general revenues.

## Business Type Activities

Revenues of the District's business type activities were \$939,848 and expenses were \$770,519 for the year ended June 30, 2022. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, unrestricted investment income and other general revenues.

## INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$6,979,202, above last year's ending combined fund balances of \$5,703,565. The primary reason for the increase in combined fund balances was the increase in the General Fund balance.

## Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. General Fund revenues increased compared to the prior year due primarily to an increase in federal funding. However, General Fund expenditures also increased compared to the prior year due, in part, to increased support services costs. In total, revenues outpaced expenditures causing the General Fund balance to increase from \$2,405,314 at June 30, 2021 to \$3,136,991 at June 30, 2022.
- The Capital Projects Fund balance increased from \$2,909,775 at June 30, 2021 to \$3,516,041 at June 30, 2022. Total revenues increased from \$1,159,462 in fiscal year 2021 to \$1,340,161 in fiscal year 2022, while expenditures decreased from \$1,334,257 to \$733,895.

## Proprietary Fund Highlights

- The School Nutrition Fund net position increased from \$161,310 at June 30, 2021 to \$330,639 at June 30, 2022. Federal reimbursements totaled \$917,125 in fiscal year 2022 contributing to the increase in fund balance.

## BUDGETARY HIGHLIGHTS

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

The District's revenues were \$498,389 more than budgeted revenues, a variance of 3.23%. The most significant variance resulted from the District receiving more from federal sources than originally anticipated.

Total expenditures were less than budgeted. The District's budget is developed utilizing realistic projections of revenues and expenditures. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2022, the District had invested approximately \$9.38 million, net of accumulated depreciation/amortization, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 1.64% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation/amortization expense for the year was \$795,618.

The original cost of the District's capital assets was \$20,549,883. Governmental activities accounted for \$20,272,799 with the remainder of \$277,084 accounted for in the District's business type activities.

The largest change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment, net of accumulated depreciation/amortization, totaled \$937,532 at June 30, 2022 compared to \$623,570 at June 30, 2021. The increase in machinery and equipment is primarily attributable to the purchase of a security camera system.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2022	Restated 2021	2022	Not Restated 2021	2022	Restated 2021	2021-22
Land	\$ 120,863	120,863	-	-	120,863	120,863	0.00%
Construction in progress	-	280,344	-	-	-	280,344	-100.00%
Buildings	7,228,085	7,104,874	-	-	7,228,085	7,104,874	1.73%
Land improvements	890,491	843,227	-	-	890,491	843,227	5.61%
Machinery and equipment	829,259	551,611	108,273	71,959	937,532	623,570	50.35%
Right-to-use leased equipment	199,605	252,322	-	-	199,605	252,322	-20.89%
Total	\$ 9,268,303	9,153,241	108,273	71,959	9,376,576	9,225,200	1.64%

### Long-Term Debt

At June 30, 2022, the District had \$220,696 of total long-term debt outstanding. This represents a decrease of 22.21% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7 Outstanding Long-Term Obligations		
	Total District	Total Change
	June 30,	June 30,
	2022	2021
	Not Restated	
	2021	2021-22
Lease agreements	\$ 220,696	283,723
		-22.21%

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nancy McKinnon, Board Secretary/Treasurer and Director of Finance, Clarinda Community School District, 423 E Nodaway St., Clarinda, Iowa 51632.





## BASIC FINANCIAL STATEMENTS

CLARINDA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2022

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 7,746,186	394,462	8,140,648
Receivables:			
Property tax:			
Delinquent	67,778	-	67,778
Succeeding year	4,150,298	-	4,150,298
Income surtax	426,946	-	426,946
Accounts	13,204	-	13,204
Due from other governments	876,805	10,419	887,224
Inventories	-	24,509	24,509
Capital assets not being depreciated/amortized:			
Land	120,863	-	120,863
Capital assets, net of accumulated depreciation/amortization:			
Buildings, land improvements, machinery and equipment and right-to-use leased equipment	9,147,440	108,273	9,255,713
<b>Total assets</b>	<b>22,549,520</b>	<b>537,663</b>	<b>23,087,183</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	1,141,317	37,667	1,178,984
OPEB related deferred outflows	133,042	6,650	139,692
<b>Total deferred outflows of resources</b>	<b>1,274,359</b>	<b>44,317</b>	<b>1,318,676</b>
<b>Liabilities</b>			
Accounts payable	363,576	4,157	367,733
Salaries and benefits payable	1,206,623	33,274	1,239,897
Accrued interest payable	1,239	-	1,239
Unearned revenue	-	21,969	21,969
Long-term liabilities:			
Portion due within one year:			
Lease agreements	109,278	-	109,278
Compensated absences	14,916	484	15,400
Portion due after one year:			
Lease agreements	111,418	-	111,418
Net pension liability	441,964	3,324	445,288
Total OPEB liability	844,017	42,183	886,200
<b>Total liabilities</b>	<b>3,093,031</b>	<b>105,391</b>	<b>3,198,422</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	4,150,298	-	4,150,298
Pension related deferred inflows	4,687,477	129,353	4,816,830
OPEB related deferred inflows	332,097	16,597	348,694
<b>Total deferred inflows of resources</b>	<b>9,169,872</b>	<b>145,950</b>	<b>9,315,822</b>
<b>Net Position</b>			
Net investment in capital assets	9,047,607	108,273	9,155,880
Restricted for:			
Categorical funding	462,392	-	462,392
Management levy purposes	257,451	-	257,451
Student activities	77,929	-	77,929
Scholarships	1,606	-	1,606
School infrastructure	3,088,476	-	3,088,476
Physical plant and equipment	427,565	-	427,565
Unrestricted	(1,802,050)	222,366	(1,579,684)
<b>Total net position</b>	<b>\$ 11,560,976</b>	<b>330,639</b>	<b>11,891,615</b>

SEE NOTES TO FINANCIAL STATEMENTS.

CLARINDA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	
<b>Functions/Programs:</b>						
Governmental activities:						
Instruction:						
Regular	\$ 4,703,509	912,751	752,465	(3,038,293)	-	(3,038,293)
Special	1,548,081	226,075	116,894	(1,205,112)	-	(1,205,112)
Other	1,385,510	173,269	348,359	(863,882)	-	(863,882)
	<u>7,637,100</u>	<u>1,312,095</u>	<u>1,217,718</u>	<u>(5,107,287)</u>	<u>-</u>	<u>(5,107,287)</u>
Support services:						
Student	527,135	-	3,230	(523,905)	-	(523,905)
Instructional staff	750,993	-	72,489	(678,504)	-	(678,504)
Administration	1,226,433	-	-	(1,226,433)	-	(1,226,433)
Operation and maintenance of plant	1,100,559	-	124,014	(976,545)	-	(976,545)
Transportation	478,902	3,546	22,097	(453,259)	-	(453,259)
	<u>4,084,022</u>	<u>3,546</u>	<u>221,830</u>	<u>(3,858,646)</u>	<u>-</u>	<u>(3,858,646)</u>
Long-term debt interest	4,482	-	-	(4,482)	-	(4,482)
Other expenditures:						
AEA flowthrough	453,785	-	453,785	-	-	-
Depreciation/amortization (unallocated)*	339,225	-	-	(339,225)	-	(339,225)
	<u>793,010</u>	<u>-</u>	<u>453,785</u>	<u>(339,225)</u>	<u>-</u>	<u>(339,225)</u>
Total governmental activities	<u>12,518,614</u>	<u>1,315,641</u>	<u>1,893,333</u>	<u>(9,309,640)</u>	<u>-</u>	<u>(9,309,640)</u>
Business type activities:						
Support services:						
Operation and maintenance of plant	1,188	-	-	-	(1,188)	(1,188)
Non-instructional programs:						
Food service operations	769,331	14,737	922,657	-	168,063	168,063
Total business type activities	<u>770,519</u>	<u>14,737</u>	<u>922,657</u>	<u>-</u>	<u>166,875</u>	<u>166,875</u>
Total	<u>\$ 13,289,133</u>	<u>1,330,378</u>	<u>2,815,990</u>	<u>(9,309,640)</u>	<u>166,875</u>	<u>(9,142,765)</u>
<b>General Revenues:</b>						
Property tax levied for:						
General purposes				\$ 3,911,679	-	3,911,679
Capital outlay				110,377	-	110,377
Income surtax				396,251	-	396,251
Statewide sales, services and use tax				1,143,809	-	1,143,809
Unrestricted state grants				6,152,940	-	6,152,940
Unrestricted investment earnings				2,710	80	2,790
Other				14,620	2,374	16,994
Total general revenues				<u>11,732,386</u>	<u>2,454</u>	<u>11,734,840</u>
Change in net position				2,422,746	169,329	2,592,075
Net position beginning of year, as restated				<u>9,138,230</u>	<u>161,310</u>	<u>9,299,540</u>
Net position end of year				<u>\$ 11,560,976</u>	<u>330,639</u>	<u>11,891,615</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

CLARINDA COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General	Capital Projects	Nonmajor	Total
<b>Assets</b>				
Cash and pooled investments	\$ 3,842,466	3,431,269	317,879	7,591,614
Receivables:				
Property tax:				
Delinquent	61,969	1,844	3,965	67,778
Succeeding year	3,520,714	114,586	514,998	4,150,298
Income surtax	426,946	-	-	426,946
Accounts	440	-	12,764	13,204
Due from other governments	791,125	85,680	-	876,805
<b>Total assets</b>	<b>\$ 8,643,660</b>	<b>3,633,379</b>	<b>849,606</b>	<b>13,126,645</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 352,386	2,752	8,438	363,576
Salaries and benefits payable	1,206,623	-	-	1,206,623
Total liabilities	1,559,009	2,752	8,438	1,570,199
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	3,520,714	114,586	514,998	4,150,298
Income surtax	426,946	-	-	426,946
Total deferred inflows of resources	3,947,660	114,586	514,998	4,577,244
Fund balances:				
Restricted for:				
Categorical funding	462,392	-	-	462,392
Management levy purposes	-	-	257,451	257,451
Student activities	-	-	77,929	77,929
Scholarships	-	-	1,606	1,606
School infrastructure	-	3,088,476	-	3,088,476
Physical plant and equipment	-	427,565	-	427,565
Unassigned				
General	2,674,599	-	-	2,674,599
Student activities	-	-	(10,816)	(10,816)
Total fund balances	3,136,991	3,516,041	326,170	6,979,202
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,643,660</b>	<b>3,633,379</b>	<b>849,606</b>	<b>13,126,645</b>

SEE NOTES TO FINANCIAL STATEMENTS.

CLARINDA COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022

<b>Total fund balances of governmental funds (page 20)</b>	\$	6,979,202
 <b><i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i></b>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		9,268,303
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.		426,946
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.		(1,239)
Blending of the Internal Service Fund to be reflected on an entity-wide basis.		154,572
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 1,274,359	
Deferred inflows of resources	<u>(5,019,574)</u>	(3,745,215)
Long-term liabilities including lease agreements payable, compensated absences payable, net pension liability and total OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(1,521,593)</u>
<b>Net position of governmental activities (page 18)</b>	<b>\$</b>	<b><u>11,560,976</u></b>

SEE NOTES TO FINANCIAL STATEMENTS.

CLARINDA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 4,105,366	110,377	235,205	4,450,948
Tuition	1,102,230	-	-	1,102,230
Other	84,017	1,488	173,612	259,117
State sources	6,760,117	1,145,390	3,386	7,908,893
Federal sources	1,252,813	-	-	1,252,813
Total revenues	<u>13,304,543</u>	<u>1,257,255</u>	<u>412,203</u>	<u>14,974,001</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,025,195	-	102,628	5,127,823
Special	1,687,896	-	-	1,687,896
Other	1,304,387	1,910	201,949	1,508,246
	<u>8,017,478</u>	<u>1,910</u>	<u>304,577</u>	<u>8,323,965</u>
Support services:				
Student	543,216	-	-	543,216
Instructional staff	803,122	23,450	-	826,572
Administration	1,226,848	194,208	15,631	1,436,687
Operation and maintenance of plant	1,066,415	75,569	118,629	1,260,613
Transportation	356,354	109,426	35,672	501,452
	<u>3,995,955</u>	<u>402,653</u>	<u>169,932</u>	<u>4,568,540</u>
Capital outlay	-	309,886	-	309,886
Long-term debt:				
Principal	-	-	266,585	266,585
Interest and fiscal charges	-	-	5,679	5,679
	<u>-</u>	<u>-</u>	<u>272,264</u>	<u>272,264</u>
Other expenditures:				
AEA flowthrough	453,785	-	-	453,785
Total expenditures	<u>12,467,218</u>	<u>714,449</u>	<u>746,773</u>	<u>13,928,440</u>
Excess (Deficiency) of revenues over (under) expenditures	837,325	542,806	(334,570)	1,045,561
Other financing sources (uses):				
Proceeds from the sale of equipment	-	26,518	-	26,518
Lease agreement proceeds	147,170	56,388	-	203,558
Transfer in	-	-	272,264	272,264
Transfer out	(252,818)	(19,446)	-	(272,264)
Total other financing sources (uses)	<u>(105,648)</u>	<u>63,460</u>	<u>272,264</u>	<u>230,076</u>
Change in fund balances	731,677	606,266	(62,306)	1,275,637
Fund balances beginning of year	2,405,314	2,909,775	388,476	5,703,565
Fund balances end of year	<u>\$ 3,136,991</u>	<u>3,516,041</u>	<u>326,170</u>	<u>6,979,202</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CLARINDA COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2022

**Change in fund balances - total governmental funds (page 22)** \$ 1,275,637

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

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

Capital outlay	\$ 896,160	
Depreciation/amortization expense	<u>(781,098)</u>	115,062

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. (32,641)

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

Issued	(203,558)	
Repaid	<u>266,585</u>	63,027

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. 1,197

Net change in the Internal Service Fund charged back against expenditures made for self-funded insurance on an entity-wide basis. 13,683

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. 643,744

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

Compensated absences	35,011	
Pension expense	335,800	
Total OPEB liability and related expenses	<u>(27,774)</u>	<u>343,037</u>

**Change in net position of governmental activities (page 19)** \$ 2,422,746

SEE NOTES TO FINANCIAL STATEMENTS.

CLARINDA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

	Business Type Activities: Enterprise Funds	Governmental Activities:
	School Nutrition	Internal Service
<b>Assets</b>		
Current assets:		
Cash and pooled investments	\$ 394,462	154,572
Due from other governments	10,419	-
Inventories	24,509	-
<b>Total current assets</b>	<b>429,390</b>	<b>154,572</b>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	108,273	-
<b>Total assets</b>	<b>537,663</b>	<b>154,572</b>
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	37,667	-
OPEB related deferred outflows	6,650	-
<b>Total deferred outflows of resources</b>	<b>44,317</b>	<b>-</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	4,157	-
Salaries and benefits payable	33,274	-
Unearned revenue	21,969	-
<b>Total current liabilities</b>	<b>59,400</b>	<b>-</b>
Noncurrent liabilities:		
Compensated absences	484	-
Net pension liability	3,324	-
Total OPEB liability	42,183	-
<b>Total noncurrent liabilities</b>	<b>45,991</b>	<b>-</b>
<b>Total liabilities</b>	<b>105,391</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>		
Pension related deferred inflows	129,353	-
OPEB related deferred inflows	16,597	-
<b>Total deferred inflows of resources</b>	<b>145,950</b>	<b>-</b>
<b>Net Position</b>		
Net investment in capital assets	108,273	-
Unrestricted	222,366	154,572
<b>Total net position</b>	<b>\$ 330,639</b>	<b>154,572</b>

SEE NOTES TO FINANCIAL STATEMENTS.



CLARINDA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2022

	Business Type Activities: Enterprise Funds	Governmental Activities:
	School Nutrition	Internal Service
Operating revenues:		
Local sources:		
Charges for service	\$ 14,737	-
Miscellaneous	2,374	96,787
Total operating revenues	<u>17,111</u>	<u>96,787</u>
Operating expenses:		
Instruction:		
Regular:		
Benefits	-	82,707
Support services:		
Administration:		
Services	-	442
Operation and maintenance of plant:		
Services	680	-
Supplies	508	-
	<u>1,188</u>	<u>-</u>
Total support services	<u>1,188</u>	<u>442</u>
Non-instructional programs:		
Food service operations:		
Salaries	220,895	-
Benefits	110,876	-
Services	718	-
Supplies	469,769	-
Depreciation	14,520	-
Pension*	(47,447)	-
	<u>769,331</u>	<u>-</u>
Total operating expenses	<u>770,519</u>	<u>83,149</u>
Operating income (loss)	<u>(753,408)</u>	<u>13,638</u>
Non-operating revenues:		
State sources	5,532	-
Federal sources	917,125	-
Interest income	80	45
Total non-operating revenues	<u>922,737</u>	<u>45</u>
Change in net position	169,329	13,683
Net position beginning of year	<u>161,310</u>	<u>140,889</u>
Net position end of year	<u>\$ 330,639</u>	<u>154,572</u>

\*Pension expense is negative due to the large decrease in Net Pension Liability.

SEE NOTES TO FINANCIAL STATEMENTS.

CLARINDA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2022

	Business Type Activities: Enterprise Funds	Governmental Activities:
	School Nutrition	Internal Service
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 16,879	-
Cash received from miscellaneous	2,374	96,787
Cash payments to employees for services	(321,994)	-
Cash payments to suppliers for goods or services	(417,331)	(83,149)
Net cash provided by (used in) operating activities	<u>(720,072)</u>	<u>13,638</u>
Cash flows from non-capital financing activities:		
State grants received	4,948	-
Federal grants received	883,277	-
Net cash provided by non-capital financing activities	<u>888,225</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(50,834)	-
Cash flows from investing activities:		
Interest on investments	80	45
Net increase in cash and pooled investments	117,399	13,683
Cash and pooled investments beginning of year	277,063	140,889
Cash and pooled investments end of year	<u>\$ 394,462</u>	<u>154,572</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ (753,408)	13,638
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Commodities consumed	50,111	-
Depreciation	14,520	-
Change in assets and liabilities:		
Inventories	76	-
Accounts receivable	26	-
Accounts payable	4,157	-
Salaries and benefits payable	1,883	-
Net pension liability	(167,725)	-
Deferred outflows of resources	1,511	-
Deferred inflows of resources	122,674	-
Unearned revenue	2,116	-
Compensated absences	166	-
Total OPEB liability	3,821	-
Net cash provided by (used in) operating activities	<u>\$ (720,072)</u>	<u>13,638</u>

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

During the year ended June 30, 2022, the District received \$50,111 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

CLARINDA COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**(1) Summary of Significant Accounting Policies**

Clarinda Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the City of Clarinda, Iowa and the predominate agricultural territory in Page and Taylor County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

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

The District also reports the following nonmajor proprietary fund:

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

### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2021.

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

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery and equipment and intangibles, acquired after July 1, 1980 are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment and the right-to-use leased assets are depreciated/amortized using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Right-to-use leased assets	2-15 years
Machinery and equipment	5-15 years

Leases - Clarinda Community School District is the lessee for noncancellable leases of equipment. The District has recognized a lease liability and an intangible right-to-use lease equipment (lease asset) in the government-wide financial statements. The District recognized leases with an initial, individual value of \$5,000 or more.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how Clarinda Community School District determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

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

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments, as well as any purchase option price included in the agreement that the District would be reasonably certain to exercise.



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

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

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation or other leave for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2022. The compensated absences liability attributable to the governmental activities will be primarily paid by the General Fund.

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

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

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

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

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

#### (2) Cash and Pooled Investments

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

The District is authorized by statute to invest public funds in obligations of the United States Government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. At June 30, 2022, the District had no such investments.

#### (3) Capital Assets

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

	Restated, Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 120,863	-	-	120,863
Construction in progress	280,344	23,447	303,791	-
Total capital assets not being depreciated/amortized	401,207	23,447	303,791	120,863
Capital assets being depreciated/amortized:				
Buildings	14,372,121	380,325	-	14,752,446
Land improvements	2,448,720	129,375	-	2,578,095
Machinery and equipment	1,865,926	463,246	73,843	2,255,329
Right-to-use leased equipment	362,508	203,558	-	566,066
Total capital assets being depreciated	19,049,275	1,176,504	73,843	20,151,936
Less accumulated depreciation/amortization for:				
Buildings	7,267,247	257,114	-	7,524,361
Land improvements	1,605,493	82,111	-	1,687,604
Machinery and equipment	1,314,315	185,598	73,843	1,426,070
Right-to-use leased equipment	110,186	256,275	-	366,461
Total accumulated depreciation	10,297,241	781,098	73,843	11,004,496
Total capital assets being depreciated/amortized, net	8,752,034	395,406	-	9,147,440
Governmental activities capital assets, net	\$ 9,153,241	418,853	303,791	9,268,303



	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business type activities:</b>				
Machinery and equipment	\$ 226,250	50,834	-	277,084
Less accumulated depreciation	154,291	14,520	-	168,811
Business type activities capital assets, net	<u>\$ 71,959</u>	<u>36,314</u>	<u>-</u>	<u>108,273</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 246,359
Other	5,692

Support services:

Administration	33,356
Operation and maintenance of plant	54,842
Transportation	101,624
	<u>441,873</u>

Unallocated depreciation	<u>339,225</u>
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Total governmental activities depreciation/amortization expense	<u>\$ 781,098</u>
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Business type activities:

Food service operations	<u>\$ 14,520</u>
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**(4) Interfund Transfers**

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

Transfer to	Transfer from	Amount
Debt Service	General	\$ 252,818
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	19,446
Total		<u>\$ 272,264</u>

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

**(5) Long-Term Liabilities**

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
Lease agreements	\$ 283,723	203,558	266,585	220,696	109,278
Compensated absences	49,927	14,916	49,927	14,916	14,916
Net pension liability	5,975,650	-	5,533,686	441,964	-
Total OPEB liability	877,191	-	33,174	844,017	-
Total	<u>\$ 7,186,491</u>	<u>218,474</u>	<u>5,883,372</u>	<u>1,521,593</u>	<u>124,194</u>
<b>Business type activities:</b>					
Compensated absences	\$ 318	484	318	484	484
Net pension liability	171,049	-	167,725	3,324	-
Total OPEB liability	38,362	3,821	-	42,183	-
Total	<u>\$ 209,729</u>	<u>4,305</u>	<u>168,043</u>	<u>45,991</u>	<u>484</u>

## Lease Agreements

In March 2021, the District entered into a lease agreement for computers. An initial lease liability was recorded in the amount of \$127,799. The agreement requires annual payments of \$43,426 with an implicit interest rate of 1.50%. During the year ended June 30, 2022, principal and interest paid were \$42,864 and \$562, respectively.

In April 2021, the District entered into a lease agreement for copiers. An initial lease liability was recorded in the amount of \$56,388. The agreement requires monthly payments of approximately \$1,621 with an implicit interest rate of 2.22%. During the year ended June 30, 2022, principal and interest paid were \$18,381 and \$1,065, respectively.

In March 2022, the District entered into a lease agreement for computers. An initial lease liability was recorded in the amount of \$147,170. The agreement requires annual payments of \$50,532 with an implicit interest rate of 2.25%. During the year ended June 30, 2022, principal and interest paid were \$49,416 and \$1,116, respectively.

Details of the District's June 30, 2022 lease agreement indebtedness are as follows:

Year Ending June 30,	Computer Lease signed March 5, 2021					Copier Lease signed April 4, 2021				
	Interest Rate	Principal	Interest	Total	Interest Rate	Principal	Interest	Total		
2023	1.50 %	\$ 42,152	1,274	43,426	2.22 %	\$ 18,793	653	19,446		
2024	1.50	42,784	642	43,426	2.22	19,214	232	19,446		
Total		<u>\$ 84,936</u>	<u>1,916</u>	<u>86,852</u>		<u>\$ 38,007</u>	<u>885</u>	<u>38,892</u>		

Year Ending June 30,	Computer Lease signed March 9, 2022					Total		
	Interest Rate	Principal	Interest	Total	Principal	Interest	Total	
2023	2.25 %	\$ 48,333	2,199	50,532	\$ 109,278	4,126	113,404	
2024	2.25	49,420	1,112	50,532	111,418	1,986	113,404	
Total		<u>\$ 97,753</u>	<u>3,311</u>	<u>101,064</u>	<u>\$ 220,696</u>	<u>6,112</u>	<u>226,808</u>	

## **(6) Pension Plans**

	Supplemental		
	IPERS	Pension	Total
Net pension liability	\$ 121,296	323,992	445,288
Deferred outflows of resources related to pensions	1,157,704	21,280	1,178,984
Deferred inflows of resources related to pensions	4,720,920	95,910	4,816,830
Pension expense	(374,579)	38,280	(336,299)

## **Iowa Public Employees Retirement System**

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

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general 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 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2022 were \$667,992.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of \$121,296 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 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, 2021, the District's proportion was 0.035135%, which was a decrease of 0.046575% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$374,579. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 92,289	92,664
Changes of assumptions	79,338	-
Net difference between projected and actual earnings on IPERS' investments	-	4,394,745
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	318,085	233,511
District contributions subsequent to the measurement date	667,992	-
<b>Total</b>	<b>\$ 1,157,704</b>	<b>4,720,920</b>

\$667,992 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2023	\$ (1,038,225)
2024	(1,054,625)
2025	(992,597)
2026	(1,172,661)
2027	26,900
<b>Total</b>	<b>\$ (4,231,208)</b>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	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	\$ 4,293,057	121,296	(3,374,905)

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

### **Supplemental Pension Plan**

**Plan Description** - The District administers a single-employer benefit plan which offers a supplemental pension (early retirement incentive) for all eligible employees who attain age 55 with 10 or more years of service, submit an application, receive Board approval and retire by June 30 of the same year. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

**Supplemental Pension Benefits** - The supplemental pension benefit is defined as:

- Lump sum of 25% of retiree's salary in the fiscal year before retirement for Administrative and Classified Staff.
- Lump sum of \$11,000 for Certified Staff.

At June 30, 2021, the following employees were covered by the benefit terms:

Active employees	142
------------------	-----

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

**Total Pension Liability** - The District's total supplemental pension liability of \$323,992 was measured as of June 30, 2022 and was determined by an actuarial valuation dated June 30, 2021.

Pension Expense and Deferred Outflows of Resources Related to the Supplemental Pension - For the year ended June 30, 2022, the District recognized pension expense of \$38,280. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the supplemental pension from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	68,921
Changes in assumptions	21,280	26,989
Total	<u>\$ 21,280</u>	<u>95,910</u>

The amount reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2023	\$ (6,023)
2024	(6,023)
2025	(6,023)
2026	(6,023)
2027	(6,023)
Thereafter	<u>(44,515)</u>
Total	<u>\$ (74,630)</u>

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

Actuarial Assumptions - The total supplemental pension liability for the year ended June 30, 2022 was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	2.25% per annum.
Rates of salary increase	3.25% per year plus merit and promotion increases.
Discount rate	3.69% per annum.

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

Mortality rates are from the RP-2014 mortality table with projected mortality improvements based on scale MP-2017 and other adjustments.

Changes in the Total Supplemental Pension Liability

	<u>Total Supplemental Pension Liability</u>
Total supplemental pension liability beginning of year	\$ 406,794
Changes for the year:	
Service cost	48,066
Interest	8,515
Differences between expected and actual experiences	(75,026)
Changes in assumptions	(29,379)
Changes of benefit terms	(12,278)
Benefit payments	<u>(22,700)</u>
Net changes	<u>(82,802)</u>
Total supplemental pension liability end of year	<u>\$ 323,992</u>

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

	1% Decrease (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
Total Supplemental Pension liability	\$ 339,187	323,992	309,187

**(7) Other Postemployment Benefits (OPEB)**

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	11
Active employees	<u>142</u>
Total	<u><u>153</u></u>

Total OPEB Liability - The District's total OPEB liability of \$886,200 was measured as of June 30, 2022, and was determined by an actuarial valuation dated June 30, 2021.

Actuarial Assumptions - The total OPEB liability for the year ended June 30, 2022 was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	2.25% per annum.
Rates of salary increase	3.25% per year plus merit and promotion increases.
Discount rate	3.69% per annum.
Healthcare cost trend rate	6.70% for FY2022, decreasing to an ultimate rate of 3.70%.

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

Mortality rates are from the RP-2014 mortality table with projected mortality improvements based on scale MP-2017 and other adjustments.



Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 915,553
Changes for the year:	
Service cost	107,755
Interest	19,060
Differences between expected and actual experiences	64,010
Changes in assumptions	(158,927)
Benefit payments	<u>(61,251)</u>
Net changes	<u>(29,353)</u>
Total OPEB liability end of year	<u>\$ 886,200</u>

Changes of assumptions reflect a change in the discount rate from 1.92% in fiscal year 2021 to 3.69% in fiscal year 2022.

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

	<u>1% Decrease (2.69%)</u>	<u>Discount Rate (3.69%)</u>	<u>1% Increase (4.69%)</u>
Total OPEB liability	\$ 951,696	886,200	825,145

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates 1% lower (5.70%) or 1% higher (7.70%) than the current healthcare cost trend rates.

	<u>1% Decrease (5.70%)</u>	<u>Healthcare Cost Trend Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
Total OPEB liability	\$ 786,182	886,200	1,006,216

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2022, the District recognized OPEB expense of \$96,753. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 57,557	195,745
Changes in assumptions	82,135	152,949
Total	<u>\$ 139,692</u>	<u>348,694</u>



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

Year Ended June 30,	Amount
2023	\$ (30,062)
2024	(30,062)
2025	(30,062)
2026	(30,062)
2027	(30,065)
Thereafter	<u>(58,689)</u>
Total	<u>\$ (209,002)</u>

**(8) Risk Management**

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

The District’s contributions, which included deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2022 were \$764,385.

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

**(9) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District’s actual amount for this purpose totaled \$453,785 for the year ended June 30, 2022 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(10) Tax Abatements**

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

Tax Abatements of Other Entities

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

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Clarinda	Urban Renewal and Economic Development Projects	\$ 47,888
	Chapter 404 tax abatement program	7,088

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2022, this reimbursement amounted to \$26,329.

#### (11) Categorical Funding

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

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

Program	Amount
Home School Assistance Program (HSAP)	\$ 63,750
Gifted and Talented Programs	38,332
Returning Dropouts and Dropout Prevention Program	61,975
Teacher Leadership State Aid	93,477
Four-Year-Old Preschool State Aid	89,595
Textbook Aid for Nonpublic Students	2,828
Successful Progression for Early Readers	68,604
Teacher Development Academies	4,030
Professional Development	39,801
Total	<u>\$ 462,392</u>

#### (12) Reconciliation of Governmental Fund Balances to Net Position

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

	Net investment in Capital Assets	Unassigned/Unrestricted
Fund balance (Exhibit C)	\$ -	2,674,599
Capital assets, net of accumulated depreciation/amortization	9,268,303	-
Lease agreement capitalized indebtedness	(220,696)	-
Accrued interest payable	-	(1,239)
Income surtax	-	426,946
Unassigned student activity balance	-	(10,816)
Internal service fund balance	-	154,572
Compensated absences	-	(14,916)
Pension related deferred outflows	-	1,141,317
Pension related deferred inflows	-	(4,687,477)
Net pension liability	-	(441,964)
Total OPEB liability	-	(844,017)
OPEB related deferred outflows	-	133,042
OPEB related deferred inflows	-	(332,097)
Net position (Exhibit A)	<u>\$ 9,047,607</u>	<u>(1,802,050)</u>

**(13) Accounting Change / Restatement**

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented as of the beginning of the year ended June 30, 2022. The requirements of this statement apply to financial statements of all state and local governments and establishes standards of accounting and financial reporting for leases by lessees and lessors. Beginning net position for governmental activities was restated to retroactively recognize the beginning intangible right-to-use lease asset when the District is the lessee.

	<u>Governmental Activities</u>
Net position June 30, 2021, as previously reported	\$ 8,885,908
Changes to implement GASBS No. 87:	
Net capital asset restatement	252,322
Net position July 1, 2021, as restated	<u>\$ 9,138,230</u>

Details of the restatement for capital assets are as follows:

	<u>Capital Assets</u>
Balances June 30, 2021, as previously reported	\$ 8,900,919
Changes to implement GASBS No. 87:	
Right-to-Use Leased Equipment	362,508
Accumulated Depreciation, Right-to-Use Leased Equipment	(110,186)
Balances July 1, 2021, as restated	<u>\$ 9,153,241</u>

**(14) Prospective Accounting Change**

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

**(15) Deficit Balances**

At June 30, 2022, the District had six deficit accounts within the Student Activity Fund with a combined deficit unassigned balance of \$10,816.

REQUIRED SUPPLEMENTARY INFORMATION

CLARINDA COMMUNITY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES  
 AND CHANGES IN BALANCES  
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
 AND PROPRIETARY FUND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED JUNE 30, 2022

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Funds Actual		Original	Final	
Revenues:						
Local sources	\$ 5,812,295	17,191	5,829,486	6,270,903	6,270,903	(441,417)
State sources	7,908,893	5,532	7,914,425	7,923,924	7,923,924	(9,499)
Federal sources	1,252,813	917,125	2,169,938	1,220,633	1,220,633	949,305
Total revenues	14,974,001	939,848	15,913,849	15,415,460	15,415,460	498,389
Expenditures/Expenses:						
Instruction	8,323,965	-	8,323,965	8,467,000	8,467,000	143,035
Support services	4,568,540	1,188	4,569,728	5,149,465	5,149,465	579,737
Non-instructional programs	-	769,331	769,331	642,600	792,600	23,269
Other expenditures	1,035,935	-	1,035,935	3,010,893	3,010,893	1,974,958
Total expenditures/expenses	13,928,440	770,519	14,698,959	17,269,958	17,419,958	2,720,999
Excess (Deficiency) of revenues over (under) expenditures/expenses	1,045,561	169,329	1,214,890	(1,854,498)	(2,004,498)	3,219,388
Other financing sources, net	230,076	-	230,076	-	-	230,076
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	1,275,637	169,329	1,444,966	(1,854,498)	(2,004,498)	3,449,464
Balances beginning of year	5,703,565	161,310	5,864,875	6,449,330	6,449,330	(584,455)
Balances end of year	\$ 6,979,202	330,639	7,309,841	4,594,832	4,444,832	2,865,009

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARINDA COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2022

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$150,000.

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

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.035135%	0.081710%	0.088917%	0.084959%	0.085080%	0.081298%	0.084261%	0.085287%
District's proportionate share of the net pension liability	\$ 121,296	5,739,905	5,148,860	5,374,742	5,616,731	5,069,957	4,162,908	3,382,414
District's covered payroll	\$ 7,022,276	6,484,661	6,042,119	6,416,708	6,294,028	5,781,360	5,772,650	5,580,829
District's proportionate share of the net pension liability as a percentage of its covered payroll	1.73%	88.52%	85.22%	83.76%	89.24%	87.69%	72.11%	60.61%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 667,992	662,903	612,152	570,376	573,012	562,057	516,275	515,498	498,368	455,848
Contributions in relation to the statutorily required contribution	(667,992)	(662,903)	(612,152)	(570,376)	(573,012)	(562,057)	(516,275)	(515,498)	(498,368)	(455,848)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 7,073,841	7,022,276	6,484,661	6,042,119	6,416,708	6,294,028	5,781,360	5,772,650	5,580,829	5,257,762
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



CLARINDA COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

CLARINDA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S  
TOTAL SUPPLEMENTAL PENSION LIABILITY, RELATED RATIOS AND NOTES  
FOR THE LAST THREE YEARS  
REQUIRED SUPPLEMENTARY INFORMATION

	2022	2021	2020
Service cost	\$ 48,066	42,027	34,608
Interest cost	8,515	9,887	13,058
Differences between expected and actual experiences	(75,026)	-	-
Changes in assumptions	(29,379)	9,902	17,914
Changes of benefit terms	(12,278)	-	-
Benefit payments	(22,700)	(33,080)	(52,000)
Net change in total supplemental pension liability	(82,802)	28,736	13,580
Total supplemental pension liability beginning of year	406,794	378,058	364,478
Total supplemental pension liability end of year	<u>\$ 323,992</u>	<u>406,794</u>	<u>378,058</u>
Covered-employee payroll	\$ 7,239,691	5,875,770	6,484,662
Total supplemental pension liability as a percentage of covered-employee payroll	4.48%	6.92%	5.83%

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

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

Changes in benefit terms:

- The lump sum for Certified Staff decreased from \$15,000 to \$11,000.
- Eligibility age changed from age 58 to 55.

Changes in assumptions:

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

Reporting period ended June 30, 2022	3.69%
Reporting period ended June 30, 2021	1.92%
Reporting period ended June 30, 2020	2.45%
Reporting period ended June 30, 2019	3.50%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARINDA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S  
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES  
FOR THE LAST FIVE YEARS  
REQUIRED SUPPLEMENTARY INFORMATION

	2022	2021	2020	2019	2018
Service cost	\$ 107,755	92,725	79,765	77,068	74,197
Interest cost	19,060	21,671	36,408	36,948	35,753
Differences between expected and actual experiences	64,010	-	(288,955)	-	-
Changes in assumptions	(158,927)	34,305	56,898	27,772	(20,084)
Benefit payments	(61,251)	(49,867)	(55,729)	(62,254)	(61,718)
Net change in total OPEB liability	(29,353)	98,834	(171,613)	79,534	28,148
Total OPEB liability beginning of year	915,553	816,719	988,332	908,798	880,650
Total OPEB liability end of year	<u>\$ 886,200</u>	<u>915,553</u>	<u>816,719</u>	<u>988,332</u>	<u>908,798</u>
Covered-employee payroll	\$ 7,239,691	5,875,770	4,159,613	3,526,000	3,406,721
Total OPEB liability as a percentage of covered-employee payroll	12.24%	15.58%	19.63%	28.03%	26.68%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

## SUPPLEMENTARY INFORMATION

CLARINDA COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

	Special Revenue			
	Management Levy	Student Activity	New Market Scholarship	Total
<b>Assets</b>				
Cash and pooled investments	\$ 253,936	62,337	1,606	317,879
Receivables:				
Property tax:				
Delinquent	3,965	-	-	3,965
Succeeding year	514,998	-	-	514,998
Accounts	-	12,764	-	12,764
<b>Total assets</b>	<b>\$ 772,899</b>	<b>75,101</b>	<b>1,606</b>	<b>849,606</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 450	7,988	-	8,438
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property taxes	514,998	-	-	514,998
Fund balances:				
Restricted for:				
Management levy purposes	257,451	-	-	257,451
Student activities	-	77,929	-	77,929
Scholarships	-	-	1,606	1,606
Unassigned				
Student activities	-	(10,816)	-	(10,816)
Total fund balances	257,451	67,113	1,606	326,170
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 772,899</b>	<b>75,101</b>	<b>1,606</b>	<b>849,606</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARINDA COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2022

	Special Revenue			Total	Debt Service	Total Nonmajor
	Management Levy	Student Activity	New Market Scholarship			
Revenues:						
Local sources:						
Local tax	\$ 235,205	-	-	235,205	-	235,205
Other	1,751	171,861	-	173,612	-	173,612
State sources	3,386	-	-	3,386	-	3,386
Total revenues	240,342	171,861	-	412,203	-	412,203
Expenditures:						
Current:						
Instruction:						
Regular	102,628	-	-	102,628	-	102,628
Other	-	201,949	-	201,949	-	201,949
Support services:						
Administration	15,631	-	-	15,631	-	15,631
Operation and maintenance of plant	118,629	-	-	118,629	-	118,629
Transportation	35,672	-	-	35,672	-	35,672
Long-term debt:						
Principal	-	-	-	-	266,585	266,585
Interest and fiscal charges	-	-	-	-	5,679	5,679
Total expenditures	272,560	201,949	-	474,509	272,264	746,773
Deficiency of revenues under expenditures	(32,218)	(30,088)	-	(62,306)	(272,264)	(334,570)
Other financing sources:						
Transfer in	-	-	-	-	272,264	272,264
Change in fund balances	(32,218)	(30,088)	-	(62,306)	-	(62,306)
Fund balances beginning of year	289,669	97,201	1,606	388,476	-	388,476
Fund balances end of year	\$ 257,451	67,113	1,606	326,170	-	326,170

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARINDA COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUND ACCOUNTS  
 JUNE 30, 2022

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 3,005,548	425,721	3,431,269
Receivables:			
Property tax:			
Delinquent	-	1,844	1,844
Succeeding year	-	114,586	114,586
Due from other governments	85,680	-	85,680
<b>Total assets</b>	<b>\$ 3,091,228</b>	<b>542,151</b>	<b>3,633,379</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 2,752	-	2,752
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	114,586	114,586
Fund balances:			
Restricted for:			
School infrastructure	3,088,476	-	3,088,476
Physical plant and equipment	-	427,565	427,565
Total fund balances	3,088,476	427,565	3,516,041
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,091,228</b>	<b>542,151</b>	<b>3,633,379</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARINDA COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUND ACCOUNTS  
 YEAR ENDED JUNE 30, 2022

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	110,377	110,377
Other	1,343	145	1,488
State sources	1,143,809	1,581	1,145,390
Total revenues	<u>1,145,152</u>	<u>112,103</u>	<u>1,257,255</u>
Expenditures:			
Current:			
Instruction:			
Other	1,910	-	1,910
Support services:			
Instructional staff	23,450	-	23,450
Administration	124,226	69,982	194,208
Operation and maintenance of plant	75,569	-	75,569
Transportation	75	109,351	109,426
Capital outlay	303,033	6,853	309,886
Total expenditures	<u>528,263</u>	<u>186,186</u>	<u>714,449</u>
Excess (Deficiency) of revenues over (under) expenditures	616,889	(74,083)	542,806
Other financing sources (uses):			
Proceeds from the sale of equipment	-	26,518	26,518
Lease agreement proceeds	56,388	-	56,388
Transfer out	(19,446)	-	(19,446)
Total other financing sources (uses)	<u>36,942</u>	<u>26,518</u>	<u>63,460</u>
Change in fund balances	653,831	(47,565)	606,266
Fund balances beginning of year	<u>2,434,645</u>	<u>475,130</u>	<u>2,909,775</u>
Fund balances end of year	<u>\$ 3,088,476</u>	<u>427,565</u>	<u>3,516,041</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



CLARINDA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
YEAR ENDED JUNE 30, 2022

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfer	Balance End of Year
Athletic Boosters	\$ -	2,000	2,000	-	-
Student Activity Interest	1,195	33	-	(1,228)	-
Gate Receipts	13,127	54,686	-	(67,813)	-
Cross County Club	166	-	-	(166)	-
Softball Club	903	-	-	(903)	-
Tennis Club	40	-	-	(40)	-
Basketball Club	144	-	-	(144)	-
History Club	4,157	-	140	-	4,017
Football Club	87	-	-	(87)	-
Volleyball Club	140	-	-	(140)	-
Baseball Club	-	-	54	54	-
Elementary Student Council	7,374	6,002	868	-	12,508
MS Track	372	-	212	(160)	-
MS Boys Basketball	1,000	-	-	(1,000)	-
MS Football	1,500	-	-	(1,500)	-
MS Wrestling	161	-	295	134	-
MS Girls Basketball	1,000	-	-	(1,000)	-
MS Volleyball	1,000	-	-	(1,000)	-
MS Yearbook	1,365	400	-	-	1,765
MS Student Council	531	372	1,078	-	(175)
Drama	887	-	1,194	-	(307)
Cross County	-	-	1,924	1,924	-
Golf	-	-	1,427	1,427	-
Boys Basketball	-	-	6,764	6,764	-
Football	-	-	5,275	5,275	-
Baseball	-	-	5,893	5,893	-
Boys Track	318	-	4,661	4,343	-
Boys Tennis	471	-	448	(23)	-
Wrestling	520	-	4,953	4,433	-
Girls Basketball	-	-	6,814	6,814	-
Volleyball	-	-	4,430	4,430	-
Softball	-	-	8,538	8,538	-
Girls Track	930	-	4,681	3,751	-
Girls Tennis	206	-	303	97	-
Bowling	853	-	331	(522)	-
Athletic Director	-	1,593	48,445	38,227	(8,625)
Yearbook	6,471	6,966	445	-	12,992
Concessions	4,599	1,148	1,433	-	4,314
Cheerleaders	-	-	1,383	-	(1,383)
Honor Society	230	-	480	-	(250)
Student Council	2,929	4,798	3,226	-	4,501
Show Choir	977	978	584	-	1,371
Thespian Club	1,714	2,397	3,494	-	617
Weightlifting Club	31	-	-	-	31
FFA Club	27,166	57,310	64,755	-	19,721
FCCLA Club	2,728	8,483	7,114	-	4,097
Sports Fundraising	-	7,064	-	-	7,064
Class of 2020	1,445	-	-	-	1,445
Class of 2021	670	-	-	-	670
Class of 2022	962	2,664	3,006	-	620
Class of 2023	99	580	665	-	14
Class of 2024	99	-	-	-	99
Class of 2025	-	-	76	-	(76)
Cardinal Coffee	1,514	2,882	2,313	-	2,083
Activity Tickets	7,120	11,505	2,247	(16,378)	-
<b>Total</b>	<b>\$ 97,201</b>	<b>171,861</b>	<b>201,949</b>	<b>-</b>	<b>67,113</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Local sources:										
Local tax	\$ 4,450,948	4,376,458	3,836,190	3,694,670	3,583,060	3,150,944	3,081,738	3,072,848	2,986,502	3,987,808
Tuition	1,102,230	1,246,792	1,463,738	1,197,893	971,074	1,302,346	1,208,026	1,477,587	1,411,933	1,402,166
Other	259,117	260,116	528,654	492,118	528,445	385,933	405,486	427,181	424,977	388,146
State sources	7,908,893	7,770,390	7,671,035	7,254,029	6,858,352	6,967,509	6,086,449	6,182,794	5,965,212	4,877,442
Federal sources	1,252,813	784,820	564,914	613,907	620,921	598,657	617,416	555,975	517,242	578,979
Total	\$ 14,974,001	14,438,576	14,064,531	13,252,617	12,561,852	12,405,389	11,399,115	11,716,385	11,305,866	11,234,541
Expenditures:										
Instruction:										
Regular	\$ 5,127,823	5,196,517	4,923,418	5,016,975	4,721,111	4,307,890	4,049,513	4,099,239	4,082,482	3,975,384
Special	1,687,896	1,815,073	1,997,048	1,965,792	1,841,980	1,417,714	1,286,302	1,599,307	1,516,699	1,526,551
Other	1,508,246	1,525,431	1,631,974	909,605	883,224	1,454,838	1,487,974	1,420,009	1,401,291	1,304,781
Support services:										
Student	543,216	442,160	444,245	406,449	357,775	355,012	373,167	355,893	349,173	320,136
Instructional staff	826,572	754,965	1,073,225	929,217	882,765	782,843	549,346	564,895	513,023	596,422
Administration	1,436,687	1,431,370	1,768,777	1,649,741	1,514,516	1,424,423	1,208,244	1,255,983	1,200,905	1,123,457
Operation and maintenance of plant	1,260,613	1,279,028	1,034,363	1,337,404	1,086,120	990,161	1,060,906	1,077,818	1,038,648	1,019,445
Transportation	501,452	267,694	456,759	444,865	477,188	384,575	368,413	297,658	289,587	541,910
Capital outlay	309,886	926,975	891,226	340,998	190,009	665,152	175,752	231,438	571,354	622,830
Long-term debt:										
Principal	266,585	220,352	-	-	-	-	-	-	-	-
Interest	5,679	6,406	-	-	-	-	-	-	-	-
Other expenditures:										
AEA flowthrough	453,785	456,566	441,004	423,373	411,799	404,367	381,831	382,992	367,327	349,318
Total	\$ 13,928,440	14,322,537	14,662,039	13,424,419	12,366,487	12,186,975	10,941,448	11,285,232	11,330,489	11,380,234

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARINDA COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2022

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY22	\$ 172,720
National School Lunch Program	10.555	FY22	712,479 *
Summer Food Service Program for Children	10.559	FY22	31,312
Total Child Nutrition Cluster			<u>916,511</u>
COVID-19, Pandemic EBT Administrative Costs	10.649	FY22	614
Total U.S. Department of Agriculture			<u>917,125</u>
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY22	169,791
Special Education - Grants to States	84.027	FY22	20,297 **
Supporting Effective Instruction State Grants	84.367	FY22	28,993
Student Support and Academic Enrichment Program	84.424	FY22	9,914
Education Stabilization Fund:			
COVID-19, Elementary and Secondary School Relief (ESSER) Fund	84.425D	FY22	458,735
COVID-19, American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	FY22	431,035
Total Education Stabilization Fund			<u>889,770</u>
Foster Care Title IV-E	93.658	FY22	379
Passed through Green Hills Area Education Agency:			
Special Education - Grants to States	84.027	FY22	48,282
COVID-19, American Rescue Plan - Special Education - Grants to States	84.027X	FY22	7,449
			<u>55,731 **</u>
Career and Technical Education - Basic Grants to States	84.048	FY22	7,984
			<u>63,715</u>
Total U.S. Department of Education			<u>1,182,859</u>
U.S. Department of Health and Human Services:			
Passed through West Central Community Action			
Head Start	93.600	FY22	32,400
Total			<u>\$ 2,132,384</u>

\* - Includes \$50,111 of non-cash awards

\*\* - Total for Special Education - Grants to States is \$76,028

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

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

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

To the Board of Education of Clarinda Community School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clarinda Community School District as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 6, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clarinda Community School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clarinda Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Clarinda Community School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a material weakness.

## Report on Compliance and Other Matters

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

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

## Clarinda Community School District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedure on Clarinda Community School District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Clarinda Community School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Clarinda Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

September 6, 2023  
Newton, Iowa

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
115 North 3rd Avenue West, Newton, Iowa 50208-3218  
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Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by the Uniform Guidance

To the Board of Education of Clarinda Community School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Clarinda Community School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of Clarinda Community School District's major federal programs for the year ended June 30, 2022. Clarinda Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

## Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

## Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002 to be a material weakness.

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

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

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

  
NOLTE, CORNMAN & JOHNSON, P.C.

September 6, 2023  
Newton, Iowa



CLARINDA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022

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

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

CLARINDA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCY:**

2022-001 Segregation of Duties

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

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

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

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

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

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

Response and Corrective Action Planned - For FY23, the District is working to separate duties so two people are part of the deposits, receipts, disbursements, and accounting systems. Ex: one will do the deposit and the other will enter into the Software Unlimited. One will enter invoices into Software Unlimited and the other will print checks.

Conclusion - Response accepted.

CLARINDA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

**AL Number 10.553 - School Breakfast Program**  
**AL Number 10.555 - National School Lunch Program**  
**AL Number 10.559 - Summer Food Service Program for Children**  
**Pass-Through Entity Identifying Number: FY22**  
**Federal Award Year: 2022**  
**Prior Year Finding Number: III-A-21 (2021-001)**  
**U.S. Department of Agriculture**  
**Passed through the Iowa Department of Education**

**AL Number 84.425 - Education Stabilization Fund**  
**Pass-Through Entity Identifying Number: FY22**  
**Federal Award Year: 2022**  
**Prior Year Finding Number: III-A-21 (2021-001)**  
**U.S. Department of Education**  
**Passed through the Iowa Department of Education**

2022-002 Segregation of Duties

One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted one individual has control over portions of one or more of the following areas for the District relating to major federal programs; cash, receipts, disbursements and accounting systems. See finding 2022-001.

CLARINDA COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2022

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

- 2022-A Certified Budget - District expenditures did not exceed the amended certified budgeted amounts for the year ended June 30, 2022.
- 2022-B Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 2022-C Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- 2022-D Business Transactions - Business transactions between the District and District officials and employees were noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Paul Boysen, Board Member Substitute teacher	Services	\$ 4,640
Jeff McCall, Teacher Owns McCall Carpentry	Rental & supplies	5,948
Misty Wissel, Teacher Spouse owns Main Street Designs	Apparel	4,163

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

In accordance with an Attorney General's opinion dated July 2, 1990, the above transactions with the District employee do not appear to represent a conflict of interest.

In accordance with an Attorney General's opinion dated November 9, 1976, the above transactions the spouse of a District employee do not appear to represent a conflict of interest.

- 2022-E Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2022-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.
- 2022-G Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- 2022-H Certified Enrollment - We noted the enrollment data certified to the Iowa Department of Education was overstated by 1.87 students.

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

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

Conclusion - Response accepted.

- 2022-I Supplementary Weighting - We noted the supplementary weighting data certified to the Iowa Department of Education was overstated by 0.782.
- Recommendation - The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.
- Response - The District's auditors will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.
- Conclusion - Response accepted.
- 2022-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.
- 2022-K Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- 2022-L Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- 2022-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, 2022, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2022 audit:

Beginning balance		\$ 2,434,645
Revenues:		
Sales tax revenues	\$ 1,143,809	
Other local revenues	<u>1,343</u>	<u>1,145,152</u>
Expenditures/transfers out:		
School infrastructure construction	303,033	
Other	168,842	
Transfers to other funds:		
Debt service fund	<u>19,446</u>	<u>491,321</u>
Ending balance		<u><u>\$ 3,088,476</u></u>

For the year ended June 30, 2022 the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

- 2022-N Student Activity Fund - During our audit concerns arose about certain accounts within the Student Activity Fund. In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's education program. More specific examples of findings are listed below.

**Graduated Class Accounts** - We noted the Class of 2020 and Class of 2021 accounts had balances remaining as of June 30, 2022.

Recommendation - Class officers of the graduating class should decide what happens with unused class funds before year end. Any remaining moneys in the prior year graduating class accounts should be reclassified within the Student Activity Fund per guidance of the District's Board of Directors.

Response - The District spent the remaining balances of the class accounts in FY23 with Board approval. The District will work with class sponsors and Activities Director to help future classes spend its balance before they graduate.

Conclusion - Response accepted.

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

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

Response - The District will check the account and group for activity. If it is found to be inactive, Board approval will be requested to close it.

Conclusion - Response accepted.

2022-O Financial Condition - At June 30, 2022, the District had six deficit accounts within the Student Activity Fund with a combined deficit unassigned balance of \$10,816.

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

Response - The District is working with the Activities Director on the negative accounts and encourages student fundraisers.

Conclusion - Response accepted.