
CEDAR FALLS COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INTERNAL CONTROLS AND COMPLIANCE

JUNE 30, 2023



CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Jeff Hassman	President	2023
Jenny Leeper	Vice President	2023
Nate Gruber	Board Member	2023
Susie Hines	Board Member	2023
Joyce Coil	Board Member	2023
Lowell Stutzman	Board Member	2025
R.J. Meyer	Board Member	2025
School Officials		
Dr. Andrew Pattee	Superintendent	Indefinite
Denelle Gonnerman	District Secretary	Indefinite
Dan Lynch	District Treasurer	2023
John C. Larsen	Attorney	Indefinite

Cedar Falls Community School District

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Thomas F. Thierman, CPA
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Janel J. Ruzicka, CPA

Independent Auditors' Report

To the Board of Education of the
Cedar Falls Community School District

Opinion

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 Cedar Falls Community School District, Cedar Falls, Iowa, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

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

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cedar Falls Community School District and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles, 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 Cedar Falls 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.

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

In performing an audit in accordance with generally accepted auditing standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cedar Falls Community School District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cedar Falls 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.

The financial statements of the Cedar Falls Community Schools Foundation have not been audited, and we were not engaged to audit the Foundation financial statements as part of our audit of the Cedar Falls Community School District's basic financial statements. The Foundation's financial statements are included in the District's financial statements as a discretely presented component unit. Because we were not engaged to audit the Foundation's financial statements and because we did not apply any auditing procedures to the Foundation's financial statements, we do not express an opinion on the discretely presented component unit.

Required Supplementary Information

U.S. generally accepted accounting principles 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 to District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 16 and 28 through 56 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 U.S. generally accepted auditing standards, 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 Cedar Falls Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2022 (which are not presented herein) and expressed unmodified opinions on those financial statements.

The supplementary information included on pages 59 - 68, 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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information 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 January 17, 2024 on our consideration of Cedar Falls 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 to describe the scope of our testing of internal control over financial reporting and compliance with the results of that testing and not to provide an opinion on the 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 Cedar Falls Community School District's internal control over financial reporting and compliance.

Cherry. Alexander. Manold + Co. LLP.

Waterloo, Iowa
January 17, 2024

**CEDAR FALLS COMMUNITY SCHOOL DISTRICT
CEDAR FALLS, IOWA**

**Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2023**

This section of the Cedar Falls Community School District's annual financial report presents the District's management discussion and analysis of the District's financial activities during the fiscal year ending June 30, 2023.

The intent of this discussion and analysis is to look at the Cedar Falls Community School District's financial performance as a whole with comparisons to the previous fiscal year activities. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the 2023 fiscal year include the following:

- In total, net position increased by \$15,548,194 or 22.61% from fiscal 2022. Governmental activities net position increased \$14,833,521 or 22.21% from fiscal year 2022. Net position in business-type activity, which represents the Districts food service and student coffee shop operations, increased \$714,673 or 36.16% from fiscal year 2022.
- General Fund revenues (which include the Instructional Support fund) accounted for \$72,159,048 in revenue or 75.53% of all revenues. General Fund expenses, which include the Instructional Support fund, accounted for \$69,155,272 in expenditures or 54.64% of all expenses.

This report also reflects improved accounting and financial reporting by state and local governments as required by the Governmental Accounting Standards Board (GASB) Statement No. 68 and Statement No. 75.

GASB Statement No. 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

As required by Iowa law, the District participates in the Iowa Public Employees' Retirement System (IPERS).

GASB Statement No. 75 establishes improved accounting and financial reporting requirements for state and local governments which provide their employees with "Other Postemployment

Benefits (OPEB).” The objective Statement No. 75 is to improve the usefulness of financial information about postemployment benefits other than pensions (other postemployment benefits or OPEB). Statement No. 75 replaces Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plan*.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Cedar Falls Community School District as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provides information about the activities of the whole District, presenting both an aggregate view of the District’s finances and a long-term view of those finances. Fund financial statements report individual parts of District operations in more detail than District wide statements. For governmental funds these statements tell how educational and operational services were funded in the short term as well as what remains for future funding. The fund financial statements also look at the District’s most significant funds with all other non-major funds presented in total in a single column.

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this report includes all the funds used by the District to provide programs and activities, the report strives to show how the District performed financially during the 2023 fiscal year. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. These bases of accounting reflect all of the current year’s revenues and expenses regardless of when cash was received or paid.

These statements report the District’s net position and changes in net position. Reporting changes in net position is important because it identifies whether the financial picture of the District has improved or diminished for the District as whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include District property tax assessed valuation, facility needs, required educational programs, and other factors.

In the statement of net position and statement of activities, the District is divided into three distinct kinds of activities:

Governmental Activities - Most of the District’s programs and services are reported here, including instruction, co-curricular activities, support services (health services, guidance, media, and administration), custodial, building operations and maintenance, and pupil transportation.

Business-Type Activity – This service is provided on a charge for goods or services basis to recover all of the expenses for good or services provided. These types of activities are also known as Enterprise funds. The Nutrition and High School Student Coffee Shop funds are reported as a business activity.

Fiduciary/Trust Activity – The District is the trustee or fiduciary for assets that belong to others. The District is responsible for ensuring that the assets in these funds are used for their intended purpose. These assets are excluded from the government-wide financial statements because the District cannot use these assets to finance its' operations. The River Hills School consortium, private purpose trust and agency funds are reported here.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major fund(s). The District uses different funds in accordance with the Uniform Financial Accounting for Iowa LEA's, as required by the Iowa Department of Education, to record its financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major funds for 2023 are:

- Governmental Funds
 - General Fund
 - Debt Service Fund
 - Capital Project Funds
 - Capital Projects (GO Bond Proceeds) Fund
 - Statewide Sales, Services and Use Fund
 - Physical Plant & Equipment Levy
- Enterprise Fund
 - Nutrition Fund

Governmental Funds

Most of the District's transactions are reported in governmental funds, which focus on how monies flow into and out of these funds and the balances left at fiscal year end for spending in the future. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The differences between governmental activities reported in the statement of net position and the statement of activities are reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

District Net Position as a Whole

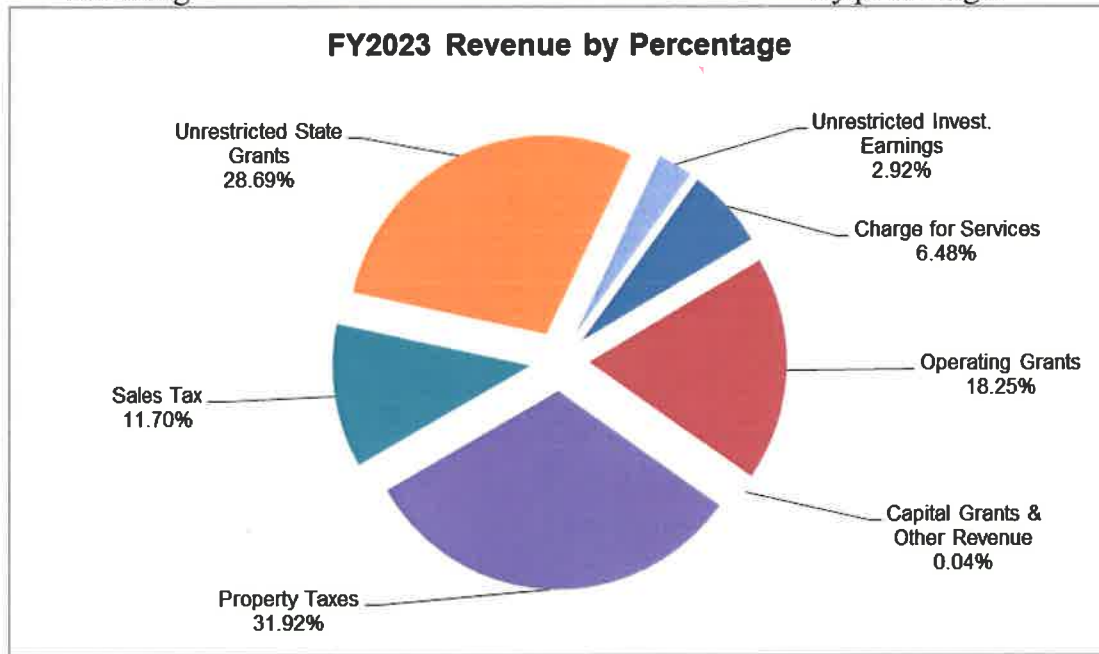
The following is a summary of the District's net position as a whole. The Cedar Falls Community School District's total net position increased from the fiscal 2022 total of \$68,763,233 to a total of \$84,311,427 in fiscal 2023 or a 22.61% increase from the previous fiscal year.

Condensed Statement of Net Position							
	Governmental		Business-type		Total		Percent
	Activities		Activities				Change
	2022	2023	2022	2023	2022	2023	
Current & Other Assets	\$ 134,874,570	106,707,726	\$ 2,467,981	3,178,377	\$ 137,342,551	109,886,103	-19.99%
Capital Assets	145,790,618	180,340,476	111,285	118,532	145,901,903	180,459,008	23.69%
Total Assets	280,665,188	287,048,202	2,579,266	3,296,909	283,244,454	290,345,111	2.51%
Deferred Outflow s of Resources							
Pension/OPEB Related Def Outflow	5,131,254	4,975,267	104,719	101,536	5,235,973	5,076,803	-3.04%
Long-term Obligations:							
Due Within One Year	7,042,198	7,198,925	-	-	7,042,198	7,198,925	2.23%
Due After One Year	141,202,741	153,222,750	14,062	398,759	141,216,803	153,621,509	8.78%
Other Liabilities	9,132,947	12,338,839	175,341	258,562	9,308,288	12,597,401	35.34%
Total Liabilities	157,377,886	172,760,514	189,403	657,321	157,567,289	173,417,835	10.06%
Deferred Inflow s of Resources							
Unavailable Property Tax Revenue	35,589,085	34,575,474	-	-	35,589,085	34,575,474	-2.85%
Pension/OPEB Related Deferred Inflow	26,042,807	3,067,296	518,013	49,882	26,560,820	3,117,178	-88.26%
Advanced Refunding Deferred Inflow	-	-	-	-	-	-	-
Total Deferred Inflow s of Resources	61,631,892	37,642,770	518,013	49,882	62,149,905	37,692,652	-39.35%
Net Assets							
Invested in Capital Assets -							
Net of Related Debt	996,286	42,360,783	111,285	118,532	1,107,571	42,479,315	3735.36%
Restricted	8,094,477	7,017,720	-	-	8,094,477	7,017,720	-13.30%
Unrestricted	57,695,901	32,241,682	1,865,284	2,572,710	59,561,185	34,814,392	41.55%
Total Net Assets	\$ 66,786,664	81,620,185	\$ 1,976,569	2,691,242	\$ 68,763,233	84,311,427	22.61%
Total Assets	\$ 280,665,188	287,048,202	2,579,266	3,296,909	\$ 283,244,454	290,345,111	
Less Total long term oblig	157,377,886	172,760,514	189,403	657,321	157,567,289	173,417,835	
Less Deferred Inflow s	61,631,892	37,642,770	518,013	49,882	62,149,905	37,692,652	
Plus Deferred outflow s	5,131,254	4,975,267	104,719	101,536	5,235,973	5,076,803	
Net Assets	\$ 66,786,664	81,620,185	1,976,569	2,691,242	\$ 68,763,233	84,311,427	

The following analysis identifies the change in net position for the year ending June 30, 2023:

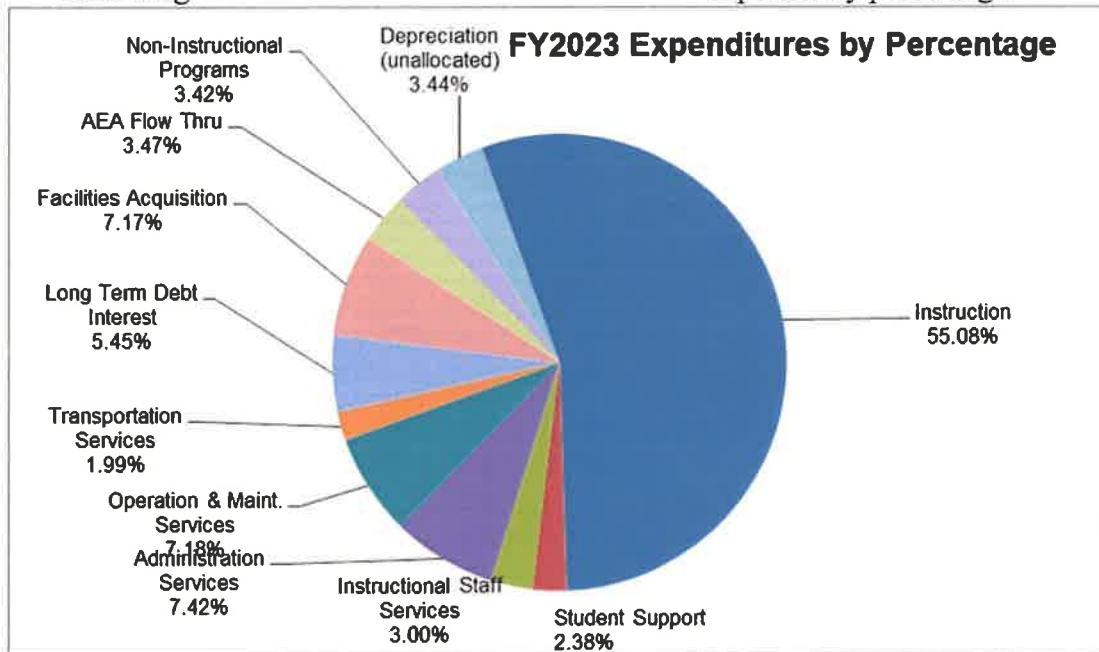
	Change in Net Position							Percent Change
	Governmental		Business-type		Total			
	Activities		Activities					
	2022	2023	2022	2023	2022	2023		
Revenue								
Program Revenue								
Charge for Services	\$ 4,333,409	4,806,926	\$ 469,412	1,634,546	\$ 4,802,821	6,441,472		34.12%
Operating Grants	14,513,621	16,249,839	3,578,842	1,883,742	18,092,463	18,133,581		0.23%
Capital Grants	92,528	-	-	-	92,528	-		-100.00%
General Revenue								
Property Taxes	29,890,892	31,716,077	-	-	29,890,892	31,716,077		6.11%
Sales and Income Tax	6,558,192	11,621,154	-	-	6,558,192	11,621,154		77.20%
Unrestricted State Grants	28,653,874	28,512,236	-	-	28,653,874	28,512,236		-0.49%
Unrestricted Invest. Earnings	191,977	2,809,690	9,085	89,428	201,062	2,899,118		1341.90%
Other Revenue	18,682	40,008	-	-	18,682	40,008		114.15%
Transfers	25,614	28,661	(25,614)	(28,661)	-	-		0.00%
Total Revenue	84,278,789	95,784,591	4,031,725	3,579,055	88,310,514	99,363,646		12.52%
Program Expense								
Instruction	43,690,654	46,167,639	-	-	43,690,654	46,167,639		5.67%
Student Support	1,941,658	1,997,719	-	-	1,941,658	1,997,719		2.89%
Instructional Staff Services	2,175,177	2,515,152	-	-	2,175,177	2,515,152		15.63%
Administration Services	5,813,390	6,222,580	-	-	5,813,390	6,222,580		7.04%
Operation & Maint. Services	5,869,847	6,013,971	-	-	5,869,847	6,013,971		2.46%
Transportation Services	1,324,085	1,671,495	-	-	1,324,085	1,671,495		26.24%
Long Term Debt Interest	2,152,201	4,570,910	-	-	2,152,201	4,570,910		112.38%
Facilities Acquisition	3,068,858	6,007,335	-	-	3,068,858	6,007,335		95.75%
AEA Flow Thru	2,786,509	2,904,258	-	-	2,786,509	2,904,258		4.23%
Non-Instructional Programs	-	-	2,759,990	2,864,382	2,759,990	2,864,382		3.78%
Depreciation (unallocated)	2,914,069	2,880,011	-	-	2,914,069	2,880,011		-1.17%
Total Expenses	71,736,448	80,951,070	2,759,990	2,864,382	74,496,438	83,815,452		12.51%
Increase (Decrease) Net Position	12,542,341	14,833,521	1,271,735	714,673	13,814,076	15,548,194		12.55%
Net Position Beginning of Year	54,244,323	66,786,664	731,076	1,976,569	54,975,399	68,763,233		25.08%
Prior Period Adjustment	-	-	(26,242)	-	(26,242)	-		
Net Position End of Year	\$ 66,786,664	81,620,185	\$ 1,976,569	2,691,242	\$ 68,763,233	84,311,427		22.61%

The following chart indicates total fiscal 2023 District revenue by percentage:



Note: Due to rounding percentages may not total 100.00 %

The following chart indicates total fiscal 2023 District expenses by percentage:



Note: Due to rounding percentages may not total 100.00 %

Financial Analysis of the District's Funds

The Cedar Falls Community School District uses fund accounting on the modified accrual basis to ensure and demonstrate compliance with finance-related legal requirements.

The District governmental funds reported combined fund balances of \$59,565,048. This is a \$30,956,178 decrease from the 2022 fiscal year combined fund balances of \$90,521,226.

The District's General Fund (including the Instructional Support Fund) end of year fund balance increased \$3,081,618 to \$11,639,372 from the 2022 fiscal year end balance of \$8,557,754.

Budgeting Highlights

The Cedar Falls Community School District Board of Education annually adopts a budget as required by Iowa law. Proper public notice and a required public hearing are held before final approval of the budget. The State of Iowa requires approval of the budget on or before April 15th of each year. The budget documents present functional disbursements by fund and the legal level of control is at the expense level by total Instruction, total Support Services, total Non-Instructional Programs, total Other Expenditures and total Expenditures. The District amends the budget, as allowed by Iowa law, to reflect the additional revenues and expenditures that may occur during the school year. The District amended its budget for fiscal 2023 in all four categories: instruction, total support services, non-instructional programs and total other expenditures. Amendments were related to the purchase of a new elementary reading curriculum, increased operational expenses, supply/food cost increases and 27th St. and natatorium construction.

The following chart identifies the original and amended budget for fiscal 2023 as well as the actual revenue and expenditures for the year:

Budgetary Comparison Schedule				
	Original Budget	Final Amended	Actual	Variance
Revenue				
Local Sources	\$ 43,023,700	\$ 43,023,700	\$ 45,390,569	\$ 2,366,869
Intermediate Sources	-	-	-	-
State Sources	46,941,043	46,941,043	48,300,242	1,359,199
Federal Sources	4,809,384	4,809,384	5,448,450	639,066
Total Budget Revenue	\$ 94,774,127	\$ 94,774,127	\$ 99,139,261	\$ 4,365,134
Expenditures				
Instruction	\$ 50,838,541	\$ 52,830,903	\$ 48,976,808	\$ 3,854,095
Support Services	23,061,508	23,249,068	20,155,011	3,094,057
Non-Instructional	2,970,515	3,196,452	2,864,382	332,070
Other Expenditures	61,538,481	66,583,712	57,427,666	9,156,046
Total Budget Expenses	\$ 138,409,045	\$ 145,860,135	\$ 129,423,867	\$ 16,436,268

Fund Balance vs. Unspent (Unused) Budget Authority

Unspent budget authority is a unique feature of the Iowa school foundation formula. Iowa public school districts are required to report fund balance and unused budget authority.

Simply stated, fund balance is the balance remaining assuming the District would cease operations at the end of the fiscal year. The following pages within the audit report will state fund balances for the various funds required to operate the District.

The Iowa public school funding formula is a pupil-based formula. Each district receives an amount of funding (cash) and the authorization to spend it (authority). Another way to look at authority is to think of it as a credit card limit. Simply stated the budget authority is the number of student's times the formula amount per student. Unspent budget authority is the total authority (credit card limit) minus expenditures for the fiscal year. This "unspent budget authority" amount is carried forward and is included in the total authorized budget or spending authority for the next fiscal year.

Total authorized budget or spending authority is the legal limit an Iowa public school district can spend in a fiscal year. As stated above, this is not the same as cash or fund balance. The State of Iowa has established spending authority to enforce per pupil spending equity across the state. Unspent budget authority gained more importance in 2007 when the Iowa Legislature passed a law allowing the initiation of a Phase II review of public-school districts that overspend their budget spending authority for two consecutive years. This review is both a financial viability review as well as a full academic review. At the completion of the review, the School Budget Review Committee (SBRC), through the State Board of Education, may order remedies up to and including dissolution of the school district.

Adequate unspent budget authority is critical in management of the District in the event of unforeseen increases or decreases in enrollment as well unanticipated mid-year across the board reductions in state foundation aid. With 80% to 85% of a public-school districts expenses directly tied to labor contracts, it is very difficult to make mid-year corrections when state mandated across the board funding reductions are implemented.

The following chart shows the change in Unspent Budget Authority between fiscal years 2022 and 2023.

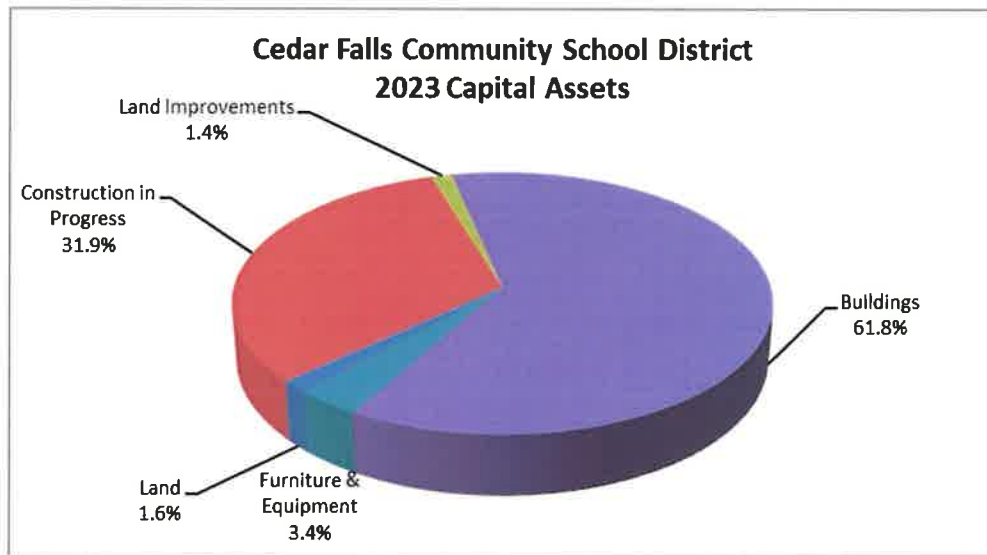
	Unspent Budget Authority Comparison		
	2022	2023	Change
Budget Revenue			
Maximum General Fund District Cost	\$ 56,519,874	\$ 58,644,841	\$ 2,124,967
Preschool Foundation Aid	617,909	618,986	1,077
Instructional Support Fund	2,929,113	3,051,949	122,836
Other Miscellaneous Income	8,787,290	8,422,096	(365,194)
Previous Year Unspent Budget Authority	9,194,942	10,045,747	850,805
Maximum Budget Authority	\$ 78,049,128	\$ 80,783,619	\$ 2,734,491
Total Expenditures	\$ 68,003,381	\$ 69,160,115	\$ 1,156,734
End Fiscal Year Unspent Budget Authority	\$ 10,045,747	\$ 11,623,504	\$ 1,577,757

Capital Assets Administration

Capital Assets

At the end of the 2023 fiscal year, the District had invested \$180,459,009 (net of accumulated depreciation) in a broad range of capital assets, including land, buildings, vehicles, technology, media/audio visual equipment, and classroom equipment. The District had depreciation expense of \$3,026,168 and total accumulated depreciation of \$52,571,018 as of June 30, 2023. The following chart shows the comparison in capital assets for 2022 and 2023.

	Capital Assets (net of depreciation)							
	Governmental Activities		Business-type Activities		Total		Percent Change	
	2022	2023	2022	2023	2022	2023		
Land	\$ 3,745,334	3,745,334	\$ -	-	\$ 3,745,334	3,745,334	0.00%	
Construction in Progress	37,267,773	74,389,275	-	-	37,267,773	74,389,275	99.61%	
Land Improvements	3,153,099	3,153,099	-	-	3,153,099	3,153,099	0.00%	
Buildings	143,922,047	143,909,143	-	-	143,922,047	143,909,143	-0.01%	
Furniture & Equipment	7,033,297	7,188,316	612,960	644,860	7,646,257	7,833,176	2.44%	
Total	\$ 195,121,550	232,385,167	\$ 612,960	644,860	\$ 195,734,510	233,030,027	19.05%	



More detailed information is available in the Notes to Financial Statements, item 4.

Debt Administration

As of June 30, 2023, total District outstanding long-term debt is \$160,820,434. Debt consists of \$92,154,693 in general obligation bonds, \$45,825,000 in revenue bonds, \$19,779,964 in compensated absences and OPEB liabilities and \$2,662,018 in long-term pension liabilities in governmental activities. Business type activities debt consisted of \$398,759 in long-term pension liabilities. The following shows the debt comparison between fiscal years 2022 and 2023.

	Long-term Debt Obligations				
	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
<u>Governmental Activities</u>					
General Obligation Bonds					
Bonds Payable	95,245,000	-	3,820,000	91,425,000	3,950,000
Premium	789,332	-	59,639	729,693	53,127
Total General Obligation Bonds	\$ 96,034,332	\$ -	\$ 3,879,639	\$ 92,154,693	\$ 4,003,127
Revenue Bonds					
Bonds Payable	48,760,000	-	2,935,000	45,825,000	2,955,000
Premium	-	-	-	-	-
Total Revenue Bonds	\$ 48,760,000	\$ -	\$ 2,935,000	\$ 45,825,000	\$ 2,955,000
Other Liabilities					
Note Payable	-	-	-	-	-
Compensated Absences	234,071	240,798	234,071	240,798	240,798
Net OPEB Liability	689,058	18,850,108	-	19,539,166	-
Net Pension Liability	2,527,478	134,540	-	2,662,018	-
Total Other Liabilities	\$ 3,450,607	\$ 19,225,446	\$ 234,071	\$ 22,441,982	\$ 240,798
Total Governmental Activities	\$ 148,244,939	\$ 19,225,446	\$ 7,048,710	\$ 160,421,675	\$ 7,198,925
<u>Business Type Activities</u>					
Net Pension Liability	14,062	384,697	-	398,759	-
Total District Long-Term Debt	\$ 148,259,001	\$ 19,610,143	\$ 7,048,710	\$ 160,820,434	\$ 7,198,925

More detailed information can be found in the Notes to Financial Statements, item 5.

The District has pledged revenue bonds sold will maintain a coverage ratio of 1.20 or greater. The coverage ratio is determined by dividing total revenue per year by funds pledged for the same year. The chart below shows the historical and projected revenue bond debt coverage ratio.

School Infrastructure Sales, Service & Use Tax Debt Service						
	Statewide Allocation	Statewide Enrollment	Avg. Dollars per Pupil	Cedar Falls Enrollment	Cedar Falls Funds Pledged	Debt Service Coverage Ratio
FY2020	\$505,593,923	487,554.4	\$1,037	5,237.6	\$3,454,753	1.572
FY2021	\$544,784,034	489,913.7	\$1,112	5,371.4	\$2,398,205	2.491
FY2022	\$594,841,975	484,004.9	\$1,229	5,456.4	\$3,608,938	1.858
FY2023	\$583,190,634	485,587.5	\$1,201	5,565.8	\$3,954,320	1.690
FY2024 (est)	\$600,257,255	486,432.1	\$1,234	5,520.1	\$3,913,795	1.740

Enrollment is determined on Oct.1st of the previous fiscal year. i.e. FY2023 enrollment is taken on Oct. 1, 2021

Total statewide allocation includes reconciliation payment.

Current Issues

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.

- The Iowa Legislature established an increase in “supplemental state aid” (formally “allowable growth”) of 3.00% (\$222) for the 2023/24 school year.
- Other 2023 legislative session actions that will directly impact Iowa public school districts include:
 - House File 68 – Student First Act establishes the Education Savings Account program. This bill establishes a framework and funding for education savings accounts (ESAs), which may be used by eligible families to cover tuition, fees, and other qualified education expenses at accredited nonpublic schools in Iowa. This program will cost an estimated \$345 million annually by 2027. Students First ESAs will be available based on the following eligibility:
 - Year 1: 2023-2024
 - All entering kindergarten students
 - All students enrolled in public school
 - A student enrolled in an accredited nonpublic school with a household income at or below 300% of the 2023 Federal Poverty Guidelines
 - Year 2: 2024-2025
 - All entering kindergarten students
 - All students enrolled in public school
 - A student enrolled in an accredited nonpublic school with a household income at or below 400% of the 2024 Federal Poverty Guidelines
 - Year 3 2025-2026
 - All K-12 students in Iowa regardless of income
 - Senate File 496 – Education Omnibus, Parental Rights in Education. This bill establishes requirements before administering survey’s, mandatory training, procedures in response to bullying and harassment, modifies educational requirements related to age-appropriate and research-based growth and development instruction in grades K-12 and expands standards for school district K-12 library programs which ensure programs contain only age-appropriate materials as defined in new Iowa Code section 256.11, subsection 19.
- The October 1, 2023 certified student enrollment count, which is used to determine state foundation aid for the District for 2024/25 school year, increased by 5.09 students from the October 1, 2022 count. The number of open enrollment students from neighboring district’s attending Cedar Falls Schools increased 16 from 327.0 to 343.0. The number of open enrollment students attending neighboring school districts increased 14.2 from 127.5 to 141.7. The 201.3 open enrollment student net gain provides approximately \$1.54 million in revenue for the District general operating fund.
- The District’s 4-year-old (pre-school) program enrollment increased by 14 students to a total enrollment of 183. The State of Iowa provides funding for four-year-old students

enrolled in the program at 50% of regular program cost per student, or \$3,818 per student for the 2023/24 school year.

- On March 11, 2021 President Biden signed the American Rescue Plan (ARP) Act of 2021 into law. The ARP Act authorized a third round of emergency coronavirus relief to schools across the country through the Elementary and Secondary Emergency Relief Fund (ARP ESSER or ESSER III). The ESSER III Funds allocates nearly \$123 billion to states and school districts to help safely reopen pre-kindergarten through 12th grade schools, sustain the safe operation of schools, and address the impact of the coronavirus pandemic on students. Cedar Falls CSD was awarded \$3,990,067 of which \$798,013 reserved to address learning loss; sunset FY2024.
- The demand for new homes within the District continues to be strong. New residential neighborhoods with over 500 lots are under development in the southern and western sections of Cedar Falls to include the newest addition West Fork Crossing. In addition, the River Place project continues to bring new residential and commercial property expansion to downtown Cedar Falls.
- Industrial and retail construction continues to grow in both the north and south industrial parks. Growth also continues in the Viking Road retail shopping district and the Pinnacle Prairie planned development.
- Revenue received from the State Secure and Advanced Vision for Education (SAVE) one-cent sales tax increased from \$6,703,788 in FY2022 to \$6,683,935 in FY2023. Revenue from the SAVE fund is determined by dividing the total amount of one cent sales tax dollars generated throughout Iowa by the total number of students enrolled in Iowa public schools. District is projected to receive \$6,811,196 in FY2024.
- The District sold \$69.9 million dollars of General Obligation Bonds on June 7, 2022 for the purpose of providing funds to the new high school construction located at 2701 W. 27th Street, West of the University of Northern Iowa Dome.
- The District continues to work on facility needs including a new high school and natatorium. The new high school and phase 1 of the natatorium anticipated completion FY2025.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. If you have any questions about this report, or need additional financial information, please contact Ms. Denelle Gonnerman, Chief Financial Officer/Board Secretary, Cedar Falls Community School District, 1002 West First St., Cedar Falls, Iowa 50613.

It is the policy of the Cedar Falls Community School District to not discriminate in its educational activities on the basis of race, color, creed, marital status, socio-economic status, national origin, religion, sex, sexual orientation, gender identity or disability.

Basic Financial Statements

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	
Assets				
Cash, cash equivalents and pooled investments	\$ 68,039,299	\$ 3,116,228	\$ 71,155,527	\$ 6,666,998
Receivables:				
Property tax:				
Delinquent	158,358	-	158,358	-
Succeeding year	34,575,474	-	34,575,474	-
Accounts	1,394,215	-	1,394,215	-
Due from other governments	2,521,007	-	2,521,007	-
Inventories	19,373	62,149	81,522	-
Capital assets, net of accumulated depreciation	180,340,476	118,532	180,459,008	-
Total assets	<u>287,048,202</u>	<u>3,296,909</u>	<u>290,345,111</u>	<u>6,666,998</u>
Deferred Outflows of Resources				
Pension related deferred outflows	4,975,267	101,536	5,076,803	-
Total deferred outflows of resources	<u>4,975,267</u>	<u>101,536</u>	<u>5,076,803</u>	<u>-</u>
Liabilities				
Accounts payable	4,707,780	138,695	4,846,475	1,239
Salaries and benefits payable	7,271,393	39,169	7,310,562	-
Deferred revenue	-	80,698	-	-
Accrued interest payable	359,666	-	359,666	-
Long-term liabilities:				
Portion due within one year:				
Compensated absences	240,798	-	240,798	-
General obligation bonds	4,003,127	-	4,003,127	-
Revenue bonds	2,955,000	-	2,955,000	-
Portion due after one year:				
General obligation bonds	88,151,566	-	88,151,566	-
Revenue bonds	42,870,000	-	42,870,000	-
Net pension liability	19,539,166	398,759	19,937,925	-
Net OPEB liability	2,662,018	-	2,662,018	-
Total liabilities	<u>172,760,514</u>	<u>657,321</u>	<u>173,337,137</u>	<u>1,239</u>
Deferred Inflows of Resources				
Unavailable property tax revenue	34,575,474	-	34,575,474	-
Pension related deferred inflows	2,444,241	49,882	2,494,123	-
OPEB related deferred inflows	623,055	-	623,055	-
Total deferred inflows of resources	<u>37,642,770</u>	<u>49,882</u>	<u>37,692,652</u>	<u>-</u>
Net Position				
Net investment in capital assets	42,360,783	118,532	42,479,315	-
Restricted for:				
Categorical funding	1,117,843	-	1,117,843	-
Management levy	563,472	-	563,472	-
Student activities	676,474	-	676,474	-
Other special revenue purposes	121,422	-	121,422	-
Physical plant and equipment levy	4,538,509	-	4,538,509	-
Unrestricted	<u>32,241,682</u>	<u>2,572,710</u>	<u>34,814,392</u>	<u>6,665,759</u>
Total net position	<u>\$ 81,620,185</u>	<u>\$ 2,691,242</u>	<u>\$ 84,311,427</u>	<u>\$ 6,665,759</u>

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total	Component Unit
Primary Government:								
Governmental Activities:								
Instruction:								
Regular instruction	\$ 31,215,388	\$ 2,522,523	\$ 12,007,155	\$ -	\$ (16,685,710)	\$ -	\$ (16,685,710)	\$ -
Special instruction	8,722,954	1,186,940	412,684	-	(7,123,330)	-	(7,123,330)	-
Other instruction	6,229,297	950,000	860,234	-	(4,419,063)	-	(4,419,063)	-
	<u>46,167,639</u>	<u>4,659,463</u>	<u>13,280,073</u>	<u>-</u>	<u>(28,228,103)</u>	<u>-</u>	<u>(28,228,103)</u>	<u>-</u>
Support services:								
Student services	1,997,719	-	-	-	(1,997,719)	-	(1,997,719)	-
Instructional staff services	2,515,152	-	-	-	(2,515,152)	-	(2,515,152)	-
Administration services	6,222,580	753	-	-	(6,221,827)	-	(6,221,827)	-
Operation and maintenance of plant services	6,013,971	136,390	-	-	(5,877,581)	-	(5,877,581)	-
Transportation services	1,671,495	10,320	65,508	-	(1,595,667)	-	(1,595,667)	-
	<u>18,420,917</u>	<u>147,463</u>	<u>65,508</u>	<u>-</u>	<u>(18,207,946)</u>	<u>-</u>	<u>(18,207,946)</u>	<u>-</u>
Other expenditures:								
Facilities acquisition	6,007,335	-	-	-	(6,007,335)	-	(6,007,335)	-
Long-term debt interest and other charges	4,570,910	-	-	-	(4,570,910)	-	(4,570,910)	-
AEA flowthrough	2,904,258	-	2,904,258	-	-	-	-	-
Depreciation (unallocated)	2,880,011	-	-	-	(2,880,011)	-	(2,880,011)	-
	<u>16,362,514</u>	<u>-</u>	<u>2,904,258</u>	<u>-</u>	<u>(13,458,256)</u>	<u>-</u>	<u>(13,458,256)</u>	<u>-</u>
Total governmental activities	<u>80,951,070</u>	<u>4,806,926</u>	<u>16,249,839</u>	<u>-</u>	<u>(59,894,305)</u>	<u>-</u>	<u>(59,894,305)</u>	<u>-</u>
Business Type Activities:								
Non-instructional programs:								
Food service operations	2,864,382	1,634,546	1,883,742	-	-	653,906	653,906	-
Total	<u>\$ 83,815,452</u>	<u>\$ 6,441,472</u>	<u>\$ 18,133,581</u>	<u>\$ -</u>	<u>(59,894,305)</u>	<u>653,906</u>	<u>(59,240,399)</u>	<u>-</u>
Component Unit:								
Cedar Falls Community Schools Foundation	<u>\$ 575,911</u>	<u>\$ -</u>	<u>\$ 2,307,620</u>	<u>\$ -</u>				<u>1,731,709</u>
General Revenues:								
Property taxes, levied for:								
General purposes					31,716,077	-	31,716,077	-
Statewide sales, services and use tax					11,621,154	-	11,621,154	-
Unrestricted state grants					28,512,236	-	28,512,236	-
Unrestricted investment earnings					2,809,690	89,428	2,899,118	233,640
Other					40,008	-	40,008	91,529
Transfers					28,661	(28,661)	-	-
Total general revenues					<u>74,727,826</u>	<u>60,767</u>	<u>74,788,593</u>	<u>325,169</u>
Change in net position					<u>14,833,521</u>	<u>714,673</u>	<u>15,548,194</u>	<u>2,056,878</u>
Net position beginning of year					<u>66,786,664</u>	<u>1,976,569</u>	<u>68,763,233</u>	<u>4,608,881</u>
Net position end of year					<u>\$ 81,620,185</u>	<u>\$ 2,691,242</u>	<u>\$ 84,311,427</u>	<u>\$ 6,665,759</u>

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2023

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash, cash equivalents and pooled investments	\$ 16,935,651	\$ 113,510	\$ 49,613,117	\$ 1,377,021	\$ 68,039,299
Receivables:					
Property tax:					
Delinquent	103,988	33,079	17,706	3,585	158,358
Succeeding year	22,043,556	7,441,979	3,993,465	1,096,474	34,575,474
Accounts	1,389,965	-	266	3,984	1,394,215
Due from other governments	1,984,556	-	536,451	-	2,521,007
Inventories	19,373	-	-	-	19,373
	<u>\$ 42,477,089</u>	<u>\$ 7,588,568</u>	<u>\$ 54,161,005</u>	<u>\$ 2,481,064</u>	<u>\$ 106,707,726</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 934,737	\$ -	\$ 3,749,822	\$ 23,221	\$ 4,707,780
Salaries and benefits payable	7,271,393	-	-	-	7,271,393
Total liabilities	<u>8,206,130</u>	<u>-</u>	<u>3,749,822</u>	<u>23,221</u>	<u>11,979,173</u>
Deferred Inflows of Resources:					
Unavailable revenues:					
Succeeding year property tax	22,631,587	7,441,978	3,993,465	1,096,475	35,163,505
	<u>22,631,587</u>	<u>7,441,978</u>	<u>3,993,465</u>	<u>1,096,475</u>	<u>35,163,505</u>
Fund balances:					
Nonspendable	19,373	-	-	-	19,373
Restricted for:					
Categorical funding	1,117,843	-	-	-	1,117,843
Debt service	-	146,590	-	-	146,590
Management levy purposes	-	-	-	563,472	563,472
Student activities	-	-	-	676,474	676,474
Public purpose trust funds	-	-	-	121,422	121,422
School infrastructure	-	-	41,879,209	-	41,879,209
Physical plant and equipment	-	-	4,538,509	-	4,538,509
Unassigned	10,502,156	-	-	-	10,502,156
Total fund balances	<u>11,639,372</u>	<u>146,590</u>	<u>46,417,718</u>	<u>1,361,368</u>	<u>59,565,048</u>
	<u>\$ 42,477,089</u>	<u>\$ 7,588,568</u>	<u>\$ 54,161,005</u>	<u>\$ 2,481,064</u>	<u>\$ 106,707,726</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

June 30, 2023

Total fund balances of governmental funds (page 19)		\$ 59,565,048
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		180,340,476
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.		(359,666)
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	\$ 4,975,267	
Deferred inflows of resources	<u>(2,479,265)</u>	2,496,002
Long-term liabilities, including bonds payable, compensated absences payable, total OPEB liability and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(160,421,675)</u>
Net position of governmental activities (page 17)		<u><u>\$ 81,620,185</u></u>

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2023

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Local sources:					
Local tax	\$ 23,476,600	\$ 7,429,815	\$ 3,976,843	\$ 809,665	\$ 35,692,923
Tuition	3,207,226	-	-	-	3,207,226
Other	1,257,512	24,822	2,533,359	954,673	4,770,366
State sources	40,634,428	1,770	7,645,259	211	48,281,668
Federal sources	3,583,282	-	-	-	3,583,282
Total revenues	<u>72,159,048</u>	<u>7,456,407</u>	<u>14,155,461</u>	<u>1,764,549</u>	<u>95,535,465</u>
Expenditures:					
Current:					
Instruction:					
Regular instruction	33,131,722	-	298,304	121,629	33,551,655
Special instruction	8,853,218	-	-	-	8,853,218
Other instruction	5,608,157	-	-	963,778	6,571,935
	<u>47,593,097</u>	<u>-</u>	<u>298,304</u>	<u>1,085,407</u>	<u>48,976,808</u>
Support services:					
Student services	2,131,708	-	-	-	2,131,708
Instructional staff services	2,622,734	-	15,272	-	2,638,006
Administration services	6,522,725	-	126,073	24,225	6,673,023
Operation and maintenance of plant services	5,448,743	-	230,738	633,007	6,312,488
Transportation services	1,932,007	-	353,212	114,567	2,399,786
	<u>18,657,917</u>	<u>-</u>	<u>725,295</u>	<u>771,799</u>	<u>20,155,011</u>
Other expenditures:					
Facilities acquisition and construction	-	-	43,128,837	-	43,128,837
Long-term debt:					
Principal	-	6,755,000	-	-	6,755,000
Interest and other charges	-	4,635,420	4,151	-	4,639,571
AEA flowthrough	2,904,258	-	-	-	2,904,258
	<u>2,904,258</u>	<u>11,390,420</u>	<u>43,132,988</u>	<u>-</u>	<u>57,427,666</u>
Total expenditures	<u>69,155,272</u>	<u>11,390,420</u>	<u>44,156,587</u>	<u>1,857,206</u>	<u>126,559,485</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,003,776</u>	<u>(3,934,013)</u>	<u>(30,001,126)</u>	<u>(92,657)</u>	<u>(31,024,020)</u>
Other financing sources (uses):					
Proceeds from sale of real or personal property	39,181	-	-	-	39,181
Operating transfers in	43,505	4,004,320	5,000	-	4,052,825
Operating transfers out	(4,844)	-	(4,004,320)	(15,000)	(4,024,164)
Total other financing sources (uses)	<u>77,842</u>	<u>4,004,320</u>	<u>(3,999,320)</u>	<u>(15,000)</u>	<u>67,842</u>
Change in fund balances	<u>3,081,618</u>	<u>70,307</u>	<u>(34,000,446)</u>	<u>(107,657)</u>	<u>(30,956,178)</u>
Fund balances beginning of year	<u>8,557,754</u>	<u>76,283</u>	<u>80,418,164</u>	<u>1,469,025</u>	<u>90,521,226</u>
Fund balances end of year	<u>\$ 11,639,372</u>	<u>\$ 146,590</u>	<u>\$ 46,417,718</u>	<u>\$ 1,361,368</u>	<u>\$ 59,565,048</u>

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2023

Net change in fund balances - total governmental funds (page 21) \$ (30,956,178)

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

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

Expenditures for capital assets	\$ 37,551,373	
Depreciation expense	<u>(3,277,642)</u>	34,273,731

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

Issuances		
Repayments	<u>6,755,000</u>	6,755,000

Amortization of premium on long-term liabilities decreases long-term liabilities on the Statement of Net Position, and is included with interest on long-term debt on the Statement of Activities.

59,639

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

4,012,229

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

Compensated absences	(6,727)	
Pension expense	830,367	
OPEB expense	<u>(134,540)</u>	<u>689,100</u>

Change in net position of governmental activities (page 18)

\$ 14,833,521

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Net Position
Proprietary Funds

June 30, 2023

	Enterprise		
	School Nutrition	Coffee Shop	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,093,258	\$ 22,970	\$ 3,116,228
Inventories	62,149	-	62,149
Total current assets	3,155,407	22,970	3,178,377
Noncurrent assets:			
Capital assets, net of accumulated depreciation	118,532	-	118,532
Total assets	3,273,939	22,970	3,296,909
Deferred Outflows of Resources			
Pension related deferred outflows of resources	101,536	-	101,536
Liabilities			
Current liabilities:			
Accounts payable	138,695	-	138,695
Salaries and benefits payable	39,169	-	39,169
Deferred revenue	80,698	-	80,698
Total current liabilities	258,562	-	258,562
Noncurrent liabilities:			
Net pension liability	398,759	-	398,759
Total liabilities	657,321	-	657,321
Deferred Inflows of Resources			
Pension related deferred inflows of resources	49,882	-	49,882
Net position			
Investment in capital assets	118,532	-	118,532
Unrestricted	2,549,740	22,970	2,572,710
Total net position	\$ 2,668,272	\$ 22,970	\$ 2,691,242

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2023

	School Nutrition	Enterprise Coffee Shop	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 1,601,793	\$ -	\$ 1,601,793
Other	10,604	22,149	32,753
Total operating revenues	1,612,397	22,149	1,634,546
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	872,911	-	872,911
Benefits	171,713	-	171,713
Purchased services	73,229	-	73,229
Supplies	1,707,022	14,854	1,721,876
Depreciation	24,653	-	24,653
Total operating expenses	2,849,528	14,854	2,864,382
Operating income (loss)	(1,237,131)	7,295	(1,229,836)
Non-operating revenues:			
State sources	18,574	-	18,574
Federal sources	1,865,168	-	1,865,168
Interest on investments	89,428	-	89,428
Total non-operating revenues	1,973,170	-	1,973,170
Non-operating expenses:			
Operating transfer in	4,844	-	4,844
Operating transfer out	(33,505)	-	(33,505)
Change in net position	707,378	7,295	714,673
Net position beginning of year	1,960,894	15,675	1,976,569
Net position end of year	\$ 2,668,272	\$ 22,970	\$ 2,691,242

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2023

	Enterprise		Total
	School Nutrition	Coffee Shop	
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 1,693,095	\$ 22,149	\$ 1,715,244
Cash payments to employees for services	(1,046,578)	-	(1,046,578)
Cash payments to suppliers for goods or services	(1,654,358)	(14,854)	(1,669,212)
Net cash provided by (used by) operating activities	<u>(1,007,841)</u>	<u>7,295</u>	<u>(1,000,546)</u>
Cash flows from non-capital financing activities:			
State grants received	18,574	-	18,574
Federal grants received	1,660,340	-	1,660,340
Net cash provided by non-capital financing activities	<u>1,678,914</u>	<u>-</u>	<u>1,678,914</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(31,900)	-	(31,900)
Net cash used by capital and related financing activities	<u>(31,900)</u>	<u>-</u>	<u>(31,900)</u>
Cash flows from investing activities:			
Interest on investments	89,428	-	89,428
Net increase in cash and cash equivalents	728,601	7,295	735,896
Cash and cash equivalents at beginning of year	2,364,657	15,675	2,380,332
Cash and cash equivalents at end of year	<u>\$ 3,093,258</u>	<u>\$ 22,970</u>	<u>\$ 3,116,228</u>
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:			
Operating income (loss)	\$ (1,237,131)	\$ 7,295	\$ (1,229,836)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:			
Commodities used	293,342	-	293,342
Depreciation	24,653	-	24,653
Transfers	(28,661)	-	(28,661)
Decrease in receivables	3,042	-	3,042
Decrease in inventories	14,642	-	14,642
Increase in accounts payable	569	-	569
Increase in salaries and benefits payable	1,954	-	1,954
Increase in net pension liability	384,697	-	384,697
Decrease in deferred outflows of resources	3,183	-	3,183
Decrease in deferred inflows of resources	(468,131)	-	(468,131)
Net cash provided by (used by) operating activities	<u>\$ (1,007,841)</u>	<u>\$ 7,295</u>	<u>\$ (1,000,546)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2023, the District received \$293,342 of federal commodities.

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2023

	Private Purpose Trust - Scholarships	Agency Funds
Assets		
Cash, cash equivalents and pooled investments	\$ 17,151	438,071
Accounts receivable	-	32,727
Due from others	-	<u>1,435,193</u>
 Total assets	 <u>17,151</u>	 <u>1,905,991</u>
Liabilities		
Accounts payable	5,000	1,772,895
Due to others	-	<u>133,096</u>
 Total liabilities	 <u>5,000</u>	 <u>1,905,991</u>
Net position		
Reserved for scholarships	<u>\$ 12,151</u>	<u>\$ -</u>

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year ended June 30, 2023

	Private Purpose Trust - Scholarships
Additions:	
Local sources:	
Gifts and contributions	\$ 5,256
Total additions	<u>5,256</u>
Deductions:	
Support services:	
Scholarships awarded	<u>5,000</u>
Total deductions	<u>5,000</u>
Change in net position	256
Net position beginning of year	<u>11,895</u>
Net position end of year	<u>\$ 12,151</u>

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

The Cedar Falls Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and vocational and recreational courses. The geographic area served includes the City of Cedar Falls, Iowa and the predominate agricultural territory in Black Hawk 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 accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

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

Discretely Presented Component Unit - The Cedar Falls Community Schools Foundation is a legally separate nonprofit corporation. The Foundation was established to promote and further the Educational process of the Cedar Falls Community School District.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Black Hawk County Assessor's Conference Board.

B. Basis of Presentation

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies - (continued)

B. Basis of Presentation - (continued)

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflow 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. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subjected to constraints on resources 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 the 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 Project 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.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies - (continued)

B. Basis of Presentation - (continued)

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

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

The District reports the following major proprietary fund:

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

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

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

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

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

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies - (continued)

C. Measurement Focus and Basis of Accounting - (continued)

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies - (continued)

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

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

Cash, Cash Equivalents, and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value 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 the 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 that 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 becomes due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2022.

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies - (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position - (continued)

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

Capital Assets - Capital assets, which include property, furniture, and equipment, and intangibles acquired after July 1, 1980 are reported in the applicable governmental or business type activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. 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.

Land	\$	5,000
Buildings and improvements		5,000
Improvements other than buildings		5,000
Intangibles		50,000
Furniture and equipment:		
School Nutrition Fund equipment		5,000
Other furniture and equipment		5,000
Vehicles		5,000

Capital assets are depreciated/amortized using the straight line method of depreciation over the following estimated useful lives:

Buildings and improvements	50 years
Improvements other than buildings	20 - 50 years
Intangibles	5 - 10 years
Furniture and equipment	5 - 20 years
Vehicles	4 - 7 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies 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.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies - (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position - (continued)

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

Advances from Grantors - Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, retirement or death. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2023. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies - (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position - (continued)

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies 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 collectible 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 represents 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 until the year for which it is levied.

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

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

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form, such as inventories, or legally or contractually required to be maintained intact, such as the corpus of a permanent fund.

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

Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned - Amounts that are constrained by the intent of the Board of Education, but are neither restricted nor committed.

Unassigned - All amounts not included in other spendable classifications.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies - (continued)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2023 expenditures did not exceed the amounts budgeted, and the District did not exceed its General Fund unspent authorized budget.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses, as appropriate during the reporting period. Actual results could differ from those estimates.

(2) Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2023 were entirely covered by Federal depository insurance or by the State Sinking Fund, in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure 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. However, the Board policy is to only invest in obligations of the United States government, its agencies and public funds instrumentalities and certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa.

During the year, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$31,929,139 at June 30, 2023. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(3) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and education services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$2,904,258 for the year ended June 30, 2023, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2023 is as follows:

	Balance, Beginning of Year, as Adjusted	Increases	Decreases	Balance, End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,745,334	\$ -	\$ -	\$ 3,745,334
Construction in progress	<u>37,267,773</u>	<u>37,121,502</u>	<u>-</u>	<u>74,389,275</u>
Total capital assets not being depreciated	<u>41,013,107</u>	<u>37,121,502</u>	<u>-</u>	<u>78,134,609</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	143,922,047	-	12,904	143,909,143
Improvements other than buildings	3,153,099	-	-	3,153,099
Furniture and equipment	2,181,173	86,783	-	2,267,956
Vehicles	<u>4,852,124</u>	<u>343,088</u>	<u>274,852</u>	<u>4,920,360</u>
Total capital assets being depreciated/amortized	<u>154,108,443</u>	<u>429,871</u>	<u>287,756</u>	<u>154,250,558</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	40,743,799	2,807,105	12,904	43,538,000
Improvements other than buildings	3,009,671	29,782	-	3,039,453
Furniture and equipment	1,980,843	164,628	-	2,145,471
Vehicles	<u>3,596,619</u>	<u>-</u>	<u>274,852</u>	<u>3,321,767</u>
Total accumulated depreciation/amortization	<u>49,330,932</u>	<u>3,001,515</u>	<u>287,756</u>	<u>52,044,691</u>
Total capital assets being depreciated/amortized, net	<u>104,777,511</u>	<u>(2,571,644)</u>	<u>-</u>	<u>102,205,867</u>
Governmental activities capital assets, net	<u>\$ 145,790,618</u>	<u>\$ 34,549,858</u>	<u>\$ -</u>	<u>\$ 180,340,476</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(4) Capital Assets - (continued)

Business type activities:

Furniture, equipment, vehicles	\$ 612,960	\$ 31,900	\$ -	\$ 644,860
Less accumulated depreciation	<u>501,674</u>	<u>24,653</u>	<u>-</u>	<u>526,327</u>

Business type activities
capital assets, net

	<u>\$ 111,286</u>	<u>\$ 7,247</u>	<u>\$ -</u>	<u>\$ 118,533</u>
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Depreciation/amortization expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 37,804
Special	-
Other	5,549

Support services:

Support staff	-
Instructional staff	221
Administration	5,698
Operation and maintenance of plant	37,423
Transportation	<u>310,936</u>
	397,631

Unallocated depreciation/amortization

2,880,011

Total depreciation/amortization expense - governmental activities

\$ 3,277,642

Business type activities:

School nutrition	<u>\$ 24,653</u>
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CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(5) Long-Term Liabilities

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

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
Governmental activities:					
General Obligation					
Bonds payable	\$ 25,345,000	\$ -	\$ 1,475,000	\$ 23,870,000	\$ 1,510,000
Premium	652,680	-	46,620	606,060	46,620
Bonds payable	69,900,000	-	2,345,000	67,555,000	2,440,000
Premium	136,652	-	13,019	123,633	6,507
	<u>96,034,332</u>	<u>-</u>	<u>3,879,639</u>	<u>92,154,693</u>	<u>4,003,127</u>
Revenue					
Bonds payable	8,760,000	-	1,180,000	7,580,000	1,205,000
Bonds payable	8,600,000	-	755,000	7,845,000	1,000,000
Bonds payable	31,400,000	-	1,000,000	30,400,000	750,000
Compensated absences					
	234,071	240,798	234,071	240,798	240,798
Net pension liab.	689,058	18,850,108	-	19,539,166	-
Net OPEB liab.	2,527,478	134,540	-	2,662,018	-
	<u>2,527,478</u>	<u>134,540</u>	<u>-</u>	<u>2,662,018</u>	<u>-</u>
Total	<u>\$ 148,244,939</u>	<u>\$ 19,225,446</u>	<u>\$ 7,048,710</u>	<u>\$ 160,421,675</u>	<u>\$ 7,198,925</u>
Business type activities:					
Net pension liab.	\$ 14,062	\$ 384,697	\$ -	\$ 398,759	\$ -

General Obligation bonds:

Details of the District's June 30, 2023 general obligation indebtedness are as follows:

	Bond Issued February 7, 2017			Bond Issued May 11, 2022		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2024	3.500%	\$ 1,510,000	\$ 811,675	4.000%	\$ 2,440,000	\$ 2,702,200
2025	5.000%	1,545,000	736,175	4.000%	2,540,000	2,604,600
2026	5.000%	1,585,000	658,925	4.000%	2,640,000	2,503,000
2027	3.000%	1,730,000	611,375	4.000%	2,745,000	2,397,400
2028	3.000%	1,730,000	559,475	4.000%	2,855,000	2,287,600
2029-2031	3.000%	5,380,000	1,364,925	4.000%	9,270,000	6,159,000
2032-2035	3.000%-3.375%	8,145,000	1,004,994	4.000%	14,190,000	6,387,000
2036-2042	3.500%	2,245,000	78,575	4.000%	30,875,000	5,133,200
		<u>\$ 23,870,000</u>	<u>\$ 5,826,119</u>		<u>\$ 67,555,000</u>	<u>\$ 30,174,000</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(5) Long-Term Liabilities - (continued)

The proceeds of these bonds were expected to be used to (i) provide funds to construct, build, furnish, and equip a new elementary building and to improve the site; (ii) construct, build, furnish and equip additions to North Cedar and Orchard Hill elementary buildings, and to remodel, repair, improve, furnish and equip those buildings and improve those sites; and (iii) pay the cost of issuing the bonds. The bonds are a general obligation of the District, and the debt is subject to the constitutional debt limitation of the District.

The proceeds of these bonds were expected to be used to (i) provide funds to construct, build, furnish, and equip a high school building and to improve the site; (ii) construct, build, furnish and equip additions to North Cedar and Orchard Hill elementary buildings, and to remodel, repair, improve, furnish and equip those buildings and improve those sites; and (iii) pay the cost of issuing the bonds. The bonds are a general obligation of the District, and the debt is subject to the constitutional debt limitation of the District.

Revenue bonds:

Details of the District's June 30, 2023 School Infrastructure Sales, Services and Use Tax bonded indebtedness are as follows:

	Bond Issued November 21, 2016			Bond Issued November 12, 2019		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2024	2.100%	\$ 1,205,000	\$ 159,180	1.900%	\$ 1,000,000	\$ 149,055
2025	2.100%	1,225,000	133,875	1.900%	1,000,000	130,055
2026	2.100%	1,250,000	108,150	1.900%	1,000,000	111,055
2027	2.100%	1,275,000	81,900	1.900%	1,000,000	92,055
2028	2.100%	1,300,000	55,125	1.900%	1,000,000	73,055
2029-2030	2.100%	1,325,000	27,825	1.900%	2,845,000	81,510
		<u>\$ 7,580,000</u>	<u>\$ 566,055</u>		<u>\$ 7,845,000</u>	<u>\$ 636,785</u>

Year Ending June 30,	Bond Issued June 10, 2021			Total		
	Interest Rate	Principal	Interest	Principal	Interest	Total
2024	2.140%	\$ 750,000	\$ 650,560	\$ 2,955,000	\$ 958,795	\$ 3,913,795
2025	2.140%	850,000	634,510	3,075,000	898,440	3,973,440
2026	2.140%	850,000	616,320	3,100,000	835,525	3,935,525
2027	2.140%	850,000	598,130	3,125,000	772,085	3,897,085
2028	2.140%	850,000	579,940	3,150,000	708,120	3,858,120
2029-2039	2.140%	26,250,000	3,684,866	30,420,000	3,794,201	34,214,201
		<u>\$ 30,400,000</u>	<u>\$ 6,764,326</u>	<u>\$ 45,825,000</u>	<u>\$ 7,967,166</u>	<u>\$ 53,792,166</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(5) Long-Term Liabilities - (continued)

The District has pledged future school infrastructure sales, services and use tax revenues to repay the \$15,580,000 of refunding bonds issued November 21, 2016. These net proceeds, along with other resources, were paid to the bond escrow agent to provide for future debt service on the remaining \$16,095,000 balance of the \$20,500,000 bond issued June 1, 2011. As a result, that portion of the 2011 series bonds is considered defeased and the District has removed the liability from its accounts. The bonds are not a general obligation of the district, however, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the bonds is \$8,146,055. For the current year, principal of \$1,180,000 and interest of \$183,960 was paid.

The District has pledged future school infrastructure sales, services and use tax revenues to repay the \$10,000,000 of bonds issued November 12, 2019, for the purpose of providing funds to pay for the planning and design costs, land preparation and construction related to the District's new high school. The bonds are not a general obligation of the District, however, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the bonds is \$8,481,785. For the current year, principal of \$755,000 and interest of \$163,400 was paid.

The District has pledged future school infrastructure sales, services and use tax revenues to repay the \$32,900,000 of bonds issued June 10, 2021, for the purpose of providing funds to pay for the planning and design costs, land preparation and construction related to the District's new high school. The bonds are not a general obligation of the District, however, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the bonds is \$37,164,326. For the current year, principal of \$1,000,000 and interest of \$671,960 was paid.

(6) Construction Commitment

The District has entered into contracts for various building construction, improvement and roofing projects totaling \$100,846,768 as of June 30, 2023. Costs of \$74,389,275 on these contracts had been incurred as of June 30, 2023, \$74,389,275 had been paid, and no amounts were included in the accounts payable on the balance sheet. The balance of \$26,457,493 remaining on these contracts will be paid as work on the various projects progresses.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(7) Pension Plan

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

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

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime 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 that 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 that 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.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(7) Pension Plan (continued)

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 that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2023, pursuant to the required rate, Regular members contributed 6.29% of pay and the District contributed 9.44% for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2023 were \$4,012,229.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the District recorded a liability of \$19,937,925 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the District's proportion was 0.502329%, which was an increase of 0.000785% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of (\$286,263). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 883,846	\$ 273,105
Changes of assumptions	16,917	476
Net difference between projected and actual earnings on IPERS investments	-	2,134,291
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	163,811	86,251
District contributions subsequent to the measurement date	4,012,229	-
Total	\$ 5,076,803	\$ 2,494,123

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(7) Pension Plan (continued)

\$4,012,229 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 ended 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,	
2024	\$ (1,860,262)
2025	(1,425,922)
2026	(2,564,260)
2027	4,375,851
2028	45,044
Total	<u>\$ (1,429,549)</u>

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(7) Pension Plan (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	3.57%
International equity	17.5%	4.79%
Global smart beta equity	6.0%	4.16%
Core plus fixed income	20.0%	1.66%
Public credit	4.0%	3.77%
Cash	1.0%	0.77%
Private equity	13.0%	7.57%
Private real assets	8.5%	3.55%
Private credit	8.0%	3.63%
Total	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 that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of 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 that is 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	\$ 37,146,752	\$ 19,937,925	\$ 4,772,219

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

Payables to IPERS- At June 30, 2023, the District reported payables to IPERS of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(8) 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 Cedar Falls Community School District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2023 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	15
Active employees	724
Total	739

Total OPEB Liability - The District's total OPEB liability of \$2,662,018 was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

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

Rate of inflation (effective June 30, 2023)	2.25% per annum.
Rates of salary increases (effective June 30, 2023)	0.00% per annum,
Discount rate (effective June 30, 2023)	3.86% compounded annually,
Healthcare cost trend rate (effective June 30, 2023)	6.7% per year

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

Mortality rates are from the June, 2018, IPERS Demographic Assumptions study with mortality rates based upon the RP-2014 mortality table and projected mortality improvements based upon Scale MP-2017 and other adjustments.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(8) Other Postemployment Benefits (OPEB) (continued)

Changes in the Total OPEB Liability

Total OPEB liability beginning of year	\$ 2,527,478
Changes for the year:	
Service cost	220,165
Interest	98,676
Difference between expected and actual experiences	-
Changes in assumptions	(37,292)
Benefit payments	(147,009)
Net changes	134,540
Total OPEB liability end of year	\$ 2,662,018

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

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

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total OPEB Liability	\$ 2,887,708	\$ 2,662,018	\$ 2,451,827

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.7%) or 1% higher (7.70%) than the current rate.

	1% Decrease (5.70%)	Healthcare Cost Trend Rate (6.70%)	1% Increase (7.70%)
Total OPEB Liability	\$ 2,298,928	\$ 2,662,018	\$ 3,101,284

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(8) Other Postemployment Benefits (OPEB) (continued)

For the year ended June 30, 2023, the District recognized OPEB expense of \$244,446. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows (Inflows) of Resources</u>
Difference between expected and actual experience	\$ (320,453)
Changes of assumptions	<u>(302,602)</u>
Total	<u>\$ (623,055)</u>

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

Year Ended June 30,	
2024	\$ (74,395)
2025	(74,395)
2026	(74,395)
2027	(74,395)
2028	(74,395)
Thereafter	<u>(251,080)</u>
Total	<u>\$ (623,055)</u>

(9) Contingencies and Risk Management

At June 30, 2023, the District is involved in various claims and lawsuits against the District that arise in the normal course of operations, many of which are covered by insurance. The outcome and eventual liability of the District, if any, from these claims and any unasserted claims is not known at this time. The District is also 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.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(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 government 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

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2023 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Cedar Falls	Urban renewal and economic development projects	\$ 432,271

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2023, this reimbursement amounted to \$227,445.

(11) Interfund Transfers

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

Transfer to:		Transfer from:	
Debt Service Fund	\$ 4,004,320	Capital Projects Fund: Stateside Sales, Services and Use Tax	\$ 4,004,320
General Fund	43,505	Proprietary Fund: Enterprise Fund - School Nutrition	33,505
Capital Projects Fund: Physical Plant and Equipment Levy	5,000	Special Revenue Fund: Management Levy	15,000
Proprietary Fund: Enterprise Fund - School Nutrition	<u>4,844</u>	General Fund	<u>4,844</u>
	<u>\$ 4,057,669</u>		<u>\$ 4,057,669</u>

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(12) Categorical Funding

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

Program	Amount
TLC	\$ 542,649
Teacher salary supplement	7,555
Professional development	358,175
4-year old preschool	102,346
Talented and gifted program	<u>107,118</u>
Total	<u>\$ 1,117,843</u>

(13) Subsequent Events

Management has evaluated subsequent events through January 17, 2024, the date which the financial statements were available for issue.

Required Supplementary Information

CEDAR FALLS 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, 2023

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Budget Adjustments	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
					Original	Final	
Revenues:							
Local sources	\$ 43,670,515	\$ 1,723,974	\$ 3,920	\$ 45,390,569	\$ 43,023,700	\$ 43,023,700	\$ 2,366,869
Intermediate sources	-	-	-	-	-	-	-
State sources	48,281,668	18,574	-	48,300,242	46,941,043	46,941,043	1,359,199
Federal sources	3,583,282	1,865,168	-	5,448,450	4,809,384	4,809,384	639,066
Total receipts	<u>95,535,465</u>	<u>3,607,716</u>	<u>3,920</u>	<u>99,139,261</u>	<u>94,774,127</u>	<u>94,774,127</u>	<u>4,365,134</u>
Expenditures							
Instruction	48,976,808	-	-	48,976,808	50,838,541	52,830,903	3,854,095
Support services	20,155,011	-	-	20,155,011	23,061,508	23,249,068	3,094,057
Non-instructional programs	-	2,864,382	-	2,864,382	2,970,515	3,196,452	332,070
Other expenditures	57,427,666	-	-	57,427,666	61,538,481	66,583,712	9,156,046
Total disbursements	<u>126,559,485</u>	<u>2,864,382</u>	<u>-</u>	<u>129,423,867</u>	<u>138,409,045</u>	<u>145,860,135</u>	<u>16,436,268</u>
Excess (deficiency) of revenues over (under) expenditures	(31,024,020)	743,334	3,920	(30,284,606)	(43,634,918)	(51,086,008)	20,801,402
Other financing sources, net	<u>67,842</u>	<u>(28,661)</u>	<u>-</u>	<u>39,181</u>	<u>-</u>	<u>-</u>	<u>39,181</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses and special items	(30,956,178)	714,673	3,920	(30,245,425)	(43,634,918)	(51,086,008)	20,840,583
Balance beginning of year	<u>90,521,226</u>	<u>1,976,569</u>	<u>117,502</u>	<u>92,380,293</u>	<u>81,764,155</u>	<u>81,764,155</u>	<u>10,616,138</u>
Balance end of year	<u>\$ 59,565,048</u>	<u>\$ 2,691,242</u>	<u>\$ 121,422</u>	<u>\$ 62,134,868</u>	<u>\$ 38,129,237</u>	<u>\$ 30,678,147</u>	<u>\$ 31,456,721</u>

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2023

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the 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 functional level, not by fund. The Code of Iowa also provides that 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 \$7,451,090.

During the year ended June 30, 2023, expenditures did not exceed the amounts budgeted, and the District did not exceed its General Fund unspent authorized budget.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability

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

Required Supplementary Information

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.502329%	0.501544%	0.498430%	0.501833%	0.502652%	0.482235%	0.467299%	0.464128%	0.456693%
District's proportionate share of the net pension liability	\$ 19,938	\$ 703	\$ 35,013	\$ 29,059	\$ 31,809	\$ 32,123	\$ 29,408	\$ 22,930	\$ 18,112
District's covered payroll	\$ 39,021	\$ 37,527	\$ 35,314	\$ 34,223	\$ 34,155	\$ 32,623	\$ 30,330	\$ 28,891	\$ 27,130
District's proportionate share of the net pension liability as a percentage of its covered payroll	51.10%	1.87%	99.15%	84.91%	93.13%	98.47%	96.96%	79.37%	66.76%
IPERS' net position as a percentage of the total pension liability	91.41%	100.81%	82.60%	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.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of District Contributions

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

Required Supplementary Information

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 4,012	\$ 3,843	\$ 3,842	\$ 3,743	\$ 3,618	\$ 3,373	\$ 3,217	\$ 2,995	\$ 2,834	\$ 2,673
Contributions in relation to the statutorily required contribution	<u>(4,012)</u>	<u>(3,843)</u>	<u>(3,842)</u>	<u>(3,743)</u>	<u>(3,618)</u>	<u>(3,373)</u>	<u>(3,217)</u>	<u>(2,995)</u>	<u>(2,834)</u>	<u>(2,673)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 40,268	\$ 39,021	\$ 37,527	\$ 35,314	\$ 34,223	\$ 34,155	\$ 32,623	\$ 30,330	\$ 28,891	\$ 27,130
Contributions as a percentage of covered-employee payroll	9.96%	9.85%	10.24%	10.60%	10.57%	9.88%	9.86%	9.87%	9.81%	9.85%

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

For the Last Three Years
Required Supplementary Information

	2023	2022	2021
Service cost	\$ 220,165	\$ 325,970	\$ 280,244
Interest cost	98,676	61,956	69,276
Difference between expected and actual experiences	-	(188,480)	-
Changes in assumptions	(37,292)	(509,242)	123,504
Benefit payments	<u>(147,009)</u>	<u>(127,260)</u>	<u>(111,695)</u>
Net change in OPEB liability	134,540	(437,056)	361,329
Total OPEB liability beginning of year	<u>2,527,478</u>	<u>2,964,534</u>	<u>2,603,205</u>
Total OPEB liability end of year	<u><u>\$ 2,662,018</u></u>	<u><u>\$ 2,527,478</u></u>	<u><u>\$ 2,964,534</u></u>
Covered-employee payroll	\$40,267,965	\$39,020,801	\$37,526,963
Total OPEB liability as a percentage of covered-employee payroll	6.61%	6.48%	7.90%

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

Changes of benefit terms:

There were no significant changes in benefit terms.

Changes of assumptions:

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

Year ended June 30, 2023	3.86%
Year ended June 30, 2022	3.69%
Year ended June 30, 2021	1.92%
Year ended June 30, 2020	2.45%

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Net Position
Component Unit

June 30, 2023

	Component Unit - Cedar Falls Community Schools Foundation
Assets	
Cash, cash equivalents and pooled investments	\$ 6,666,998
Accounts receivable	-
Fixed assets, net of depreciation	-
	<hr/>
Total assets	6,666,998
	<hr/>
Liabilities	1,239
	<hr/>
Net position	
Unrestricted	\$ 6,665,759
	<hr/> <hr/>

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Changes in Net Position
Component Unit

Year ended June 30, 2023

	Component Unit - Cedar Falls Community Schools Foundation
Support and Revenue:	
Contributions	\$ 2,307,620
Investment earnings	233,640
Other revenue	91,529
Total support and revenue	<u>2,632,789</u>
Expenses:	
Instructional support	493,427
Operation and maintenance	82,484
Total expenses	<u>575,911</u>
Change in net position	2,056,878
Net position beginning of year	<u>4,608,881</u>
Net position end of year	<u>\$ 6,665,759</u>

See accompanying independent auditors' report.

Supplementary Information

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2023

	Special Revenue			
	Manage- ment Levy	Student Activity	Public Purpose Trust Fund	Total Special Revenue
Assets				
Cash, cash equivalents and pooled investments	\$ 560,151	\$ 695,448	\$ 121,422	\$ 1,377,021
Receivables:				
Property tax:				
Delinquent	3,585	-	-	3,585
Succeeding year	1,096,474	-	-	1,096,474
Accounts	-	3,984	-	3,984
	-	3,984	-	3,984
Total assets	\$ 1,660,210	\$ 699,432	\$ 121,422	\$ 2,481,064
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 263	\$ 22,958	\$ -	\$ 23,221
Total liabilities	263	22,958	-	23,221
Deferred Inflows of Resources:				
Unavailable revenues:				
Succeeding year property tax	1,096,475	-	-	1,096,475
	1,096,475	-	-	1,096,475
Fund balances:				
Nonspendable	-	-	-	-
Restricted for:				
Management levy purposes	563,472	-	-	563,472
Student activities	-	676,474	-	676,474
Public purpose trust funds	-	-	121,422	121,422
Total fund balances	563,472	676,474	121,422	1,361,368
Total liabilities, deferred inflows of resources and fund balances	\$ 1,660,210	\$ 699,432	\$ 121,422	\$ 2,481,064

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2023

	Special Revenue			Total Special Revenue Funds
	Manage- ment Levy	Student Activity	Public Purpose Trust Fund	
Revenues:				
Local sources:				
Local tax	\$ 809,665	\$ -	\$ -	\$ 809,665
Other	753	950,000	3,920	954,673
State sources	211	-	-	211
Total revenues	<u>810,629</u>	<u>950,000</u>	<u>3,920</u>	<u>1,764,549</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	121,629	-	-	121,629
Other instruction	-	963,778	-	963,778
Support services:				
Administration services	24,225	-	-	24,225
Operating and maintenance of plant services	633,007	-	-	633,007
Transportation services	114,567	-	-	114,567
Total expenditures	<u>893,428</u>	<u>963,778</u>	<u>-</u>	<u>1,857,206</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(82,799)</u>	<u>(13,778)</u>	<u>3,920</u>	<u>(92,657)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(15,000)	-	-	(15,000)
Total other financing sources (uses)	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>
Change in fund balances	(97,799)	(13,778)	3,920	(107,657)
Fund balances beginning of year	<u>661,271</u>	<u>690,252</u>	<u>117,502</u>	<u>1,469,025</u>
Fund balances end of year	<u>\$ 563,472</u>	<u>\$ 676,474</u>	<u>\$ 121,422</u>	<u>\$ 1,361,368</u>

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2023

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expen- ditures	Intra- Fund Transfers	Balance End of Year
Investment income	\$ 88,760	\$ 14,267	\$ -	\$ -	\$ 103,027
Miscellaneous	18,225	155	-	-	18,380
Drama arts	13,115	7,353	6,497	-	13,971
Speech	581	-	1,921	2,000	660
Recog.-music/speech	467	-	-	-	467
Yearbook	90,133	53,340	38,435	-	105,038
Music/vocal	61	157,343	150,270	110	7,244
Music/orchestra	28	4,543	3,238	-	1,333
Music/band	1,906	37,016	23,585	56	15,393
Athletics	115,306	124,111	174,137	(29,368)	35,912
Athletic resale	8,843	6,809	5,112	-	10,540
Bowling	1,326	1,613	3,711	1,500	728
Track meets	1,798	8,027	5,442	-	4,383
Tennis	511	364	4,814	5,000	1,061
Golf	166	1,536	14,656	15,000	2,046
Cheerleaders	922	21,105	24,734	4,000	1,293
Pom poms	5	47,715	39,480	-	8,240
Basketball-boys	290	11,479	9,369	-	2,400
Football	3,906	77,402	94,640	20,000	6,668
Soccer-boys	2,975	3,350	6,649	324	-
Baseball	6,223	12,480	22,248	3,545	-
Track-boys	142	4,429	7,426	5,500	2,645
Swimming-boys	135	4,659	5,644	1,500	650
Wrestling	3,032	12,608	16,469	1,500	671
Basketball-girls	403	9,620	11,579	2,000	444
Volleyball	2,023	12,299	11,624	-	2,698
Soccer-girls	2,444	3,510	3,856	-	2,098
Softball	804	7,377	9,281	1,500	400
Track-girls	2,991	2,372	5,455	2,000	1,908
Swimming-girls	6,459	3,545	3,847	-	6,157
Girls wrestling	-	65	7,368	8,000	697
Concessions-Robinsen/Dresser	6,499	21,611	23,920	-	4,190
A.P.A.	2,549	10,193	10,493	-	2,249
A.V. Dept.	1,068	-	28	-	1,040
P.C.B.C.	3,651	-	-	-	3,651
Campus improvement	16,886	7,753	2,171	-	22,468
CFHS Memorial Fund	4,171	-	-	-	4,171
Food Bank	1,674	10,595	10,186	-	2,083
DECA	1,785	15,927	16,228	-	1,484
English resource center	6,845	-	-	-	6,845
FBLA	13	-	-	-	13
Food service	1,321	-	-	-	1,321
General store	1,897	-	-	-	1,897
Activity tickets/Jr. high	18,216	40,060	50	(46,000)	12,226
Jr/Sr prom	19,166	9,984	6,216	-	22,934
Library	3,536	14	56	-	3,494
FTC	14,519	7,833	9,285	-	13,067
Mc Elroy Fund	40	-	-	-	40
M.R.C.	260	-	-	-	260

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2023

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expen- ditures	Intra- Fund Transfers	Balance End of Year
(continued)					
Pop	3,992	-	-	(63)	3,929
AP textbooks	7,471	-	-	-	7,471
Programs	4,551	-	-	-	4,551
Revolving	21,821	10,764	10,287	176	22,474
Science club	264	285	372	-	177
Faculty	65	-	-	-	65
Tiger Hi-Line	3,535	-	-	-	3,535
Student forum	1,221	10,387	9,729	(100)	1,779
Class of 2008	5,459	-	-	-	5,459
Tiger bizness	1,060	6,532	6,063	100	1,629
Student council	27,676	34,424	24,596	(114)	37,390
Pictures	7,812	2,224	1,935	-	8,101
Lego League	20,220	5,200	8,481	-	16,939
Student activities	3,793	2,606	2,736	-	3,663
Math club	15	-	-	-	15
Tiger Time	21	-	-	-	21
Magazines	11,972	-	464	(166)	11,342
Gym padlocks	1,498	10	200	-	1,308
Recycling	245	26	111	-	160
Alpha	2,578	-	-	-	2,578
Robotics	33,868	46,995	43,953	-	36,910
SADD	845	-	200	-	645
Video yearbook	47	-	-	-	47
Culture Fair	7	-	-	-	7
Trapshooting	14,880	31,078	33,368	-	12,590
Drama clubs	26,816	8,643	11,643	-	23,816
Tech clubs	45	-	-	-	45
Choral/Dramatic	94	-	-	-	94
Echoes concessions	453	421	421	-	453
Amnesty International	985	-	28	-	957
PATT concessions	413	-	-	-	413
Brick Fundraiser	502	-	-	-	502
Art Club	1,771	59	-	-	1,830
AW	834	-	-	-	834
PLTW	37	-	-	-	37
Rocket Club	2,472	13,869	15,349	500	1,492
E-Sports	1,833	255	3,047	1,500	541
SAGA	815	834	559	-	1,090
Volunteer	129	455	-	-	584
Cultural Diversity	61	471	116	-	416
	<u>\$ 690,252</u>	<u>\$ 950,000</u>	<u>\$ 963,778</u>	<u>\$ -</u>	<u>\$ 676,474</u>

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Projects Accounts

June 30, 2023

Capital Projects

	GO Bond Proceeds	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 33,154,904	\$ 10,750,826	\$ 5,707,387	\$ 49,613,117
Receivables:				
Property tax:				
Delinquent	-	-	17,706	17,706
Succeeding year	-	-	3,993,465	3,993,465
Accounts	-	266	-	266
Due from other governments	-	536,451	-	536,451
 Total assets	 <u>\$ 33,154,904</u>	 <u>\$ 11,287,543</u>	 <u>\$ 9,718,558</u>	 <u>\$ 54,161,005</u>
 Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,419,409	\$ 143,829	\$ 1,186,584	\$ 3,749,822
Total liabilities	<u>2,419,409</u>	<u>143,829</u>	<u>1,186,584</u>	<u>3,749,822</u>
Deferred Inflows of Resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	3,993,465	3,993,465
Fund balances:				
Restricted for:				
Debt service	-	-	-	-
School infrastructure	30,735,495	11,143,714	-	41,879,209
Physical plant and equipment	-	-	4,538,509	4,538,509
Total fund balances	<u>30,735,495</u>	<u>11,143,714</u>	<u>4,538,509</u>	<u>46,417,718</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 33,154,904</u>	 <u>\$ 11,287,543</u>	 <u>\$ 9,718,558</u>	 <u>\$ 54,161,005</u>

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2023

	Capital Projects			Total
	GO Bond Proceeds	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ -	\$ -	\$ 3,976,843	\$ 3,976,843
Other	1,595,833	821,638	115,888	2,533,359
State sources	-	7,644,311	948	7,645,259
Total revenues	<u>1,595,833</u>	<u>8,465,949</u>	<u>4,093,679</u>	<u>14,155,461</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	-	298,304	-	298,304
Other instruction	-	-	-	-
Support services:				
Instructional staff services	-	15,272	-	15,272
Administration services	-	126,073	-	126,073
Operating and maintenance of plant services	-	155,254	75,484	230,738
Transportation services	-	353,212	-	353,212
Other expenditures:				
Facilities acquisition and construction	35,402,568	2,783,947	4,942,322	43,128,837
Long-term debt:				
Interest and other charges	4,151	-	-	4,151
Total expenditures	<u>35,406,719</u>	<u>3,732,062</u>	<u>5,017,806</u>	<u>44,156,587</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,810,886)</u>	<u>4,733,887</u>	<u>(924,127)</u>	<u>(30,001,126)</u>
Other financing sources (uses):				
Operating transfers in	-	-	5,000	5,000
Operating transfers out	-	(4,004,320)	-	(4,004,320)
Total other financing sources (uses)	<u>-</u>	<u>(4,004,320)</u>	<u>5,000</u>	<u>(3,999,320)</u>
Change in fund balances	(33,810,886)	729,567	(919,127)	(34,000,446)
Fund balances beginning of year	<u>64,546,381</u>	<u>10,414,147</u>	<u>5,457,636</u>	<u>80,418,164</u>
Fund balances end of year	<u>\$ 30,735,495</u>	<u>\$ 11,143,714</u>	<u>\$ 4,538,509</u>	<u>\$ 46,417,718</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year ended June 30, 2023

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash, cash equivalents and pooled investments	\$ 95,082	\$ 2,716,541	\$ 2,373,552	\$ 438,071
Accounts receivable	30,192	32,727	30,192	32,727
Due from others	577,124	1,435,193	577,124	1,435,193
	<u>702,398</u>	<u>4,184,461</u>	<u>2,980,868</u>	<u>1,905,991</u>
Total assets	<u>\$ 702,398</u>	<u>\$ 4,184,461</u>	<u>\$ 2,980,868</u>	<u>\$ 1,905,991</u>
Liabilities				
Accounts payable	\$ 593,911	\$ 1,772,895	\$ 593,911	\$ 1,772,895
Due to other funds	19,569	-	19,569	-
Due to others	88,918	133,096	88,918	133,096
	<u>702,398</u>	<u>1,905,991</u>	<u>702,398</u>	<u>1,905,991</u>
Total liabilities	<u>\$ 702,398</u>	<u>\$ 1,905,991</u>	<u>\$ 702,398</u>	<u>\$ 1,905,991</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function

All Governmental Funds

For the Last Ten Years

					Modified Accrual Basis					
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Local sources:										
Local tax	\$ 35,692,923	\$ 29,890,894	\$ 29,728,652	\$ 28,847,585	\$ 27,746,837	\$ 27,474,490	\$ 22,485,509	\$ 21,081,789	\$ 21,261,265	\$ 26,947,506
Tuition	3,207,226	2,910,639	2,788,011	2,754,397	2,742,104	2,738,786	2,937,262	2,760,127	4,490,514	6,327,680
Other	4,770,366	1,707,372	1,478,435	1,914,062	2,846,788	2,705,844	1,890,341	1,807,832	1,803,536	1,747,736
State sources	48,281,668	44,928,233	41,501,019	39,263,607	37,807,973	37,300,711	36,600,570	33,120,500	32,008,518	25,394,763
Federal sources	3,583,282	4,869,327	3,664,272	1,678,535	1,908,924	2,123,041	2,282,521	2,153,972	2,081,670	2,656,205
Total revenues	\$ 95,535,465	\$ 84,306,465	\$ 79,160,389	\$ 74,458,186	\$ 73,052,626	\$ 72,342,872	\$ 66,196,203	\$ 60,924,220	\$ 61,645,503	\$ 63,073,890
Expenditures:										
Instruction:										
Regular instruction	\$ 33,551,655	\$ 33,853,413	\$ 30,477,906	\$ 29,395,269	\$ 29,290,322	\$ 28,125,705	\$ 27,360,072	\$ 25,390,983	\$ 24,272,128	\$ 24,038,032
Special instruction	8,853,218	9,058,508	9,096,693	8,623,222	8,248,751	8,211,561	7,680,596	7,113,626	7,107,009	6,691,764
Other instruction	6,571,935	5,800,859	5,242,536	5,544,142	5,512,184	5,471,743	5,252,702	5,153,356	6,630,397	7,247,235
Support services:										
Student services	2,131,708	2,120,329	2,090,927	1,931,565	1,895,600	1,724,710	1,625,721	1,578,255	1,523,678	1,691,188
Instructional staff services	2,638,006	2,323,383	2,253,339	2,312,262	2,260,104	1,908,763	1,966,626	1,814,357	1,709,134	1,547,129
Administration services	6,673,023	6,445,196	6,382,307	6,373,680	6,190,142	6,001,549	6,146,806	6,063,674	5,722,790	5,585,773
Operation and maintenance of plant services	6,312,488	6,211,699	6,006,178	5,447,948	5,441,321	5,293,802	4,885,892	4,582,929	4,453,088	4,520,518
Transportation services	2,399,786	2,210,615	2,234,582	1,919,886	2,321,997	2,165,870	2,164,304	1,912,068	1,843,511	1,703,982
Other expenditures:										
Facilities acquisition and construction	43,128,837	38,452,012	10,254,935	7,765,171	14,939,589	25,747,879	8,768,472	1,987,716	4,079,170	10,081,475
Long-term debt:										
Principal	6,755,000	4,335,000	5,645,000	4,390,000	3,645,000	3,920,000	2,080,000	1,775,000	2,220,000	2,235,000
Interest and other charges	4,639,571	1,909,653	1,690,818	1,576,446	1,490,825	1,817,435	3,029,453	1,005,441	1,059,159	1,100,464
AEA flowthrough	2,904,258	2,786,509	2,663,053	2,524,526	2,426,393	2,407,144	2,280,604	2,192,843	2,132,291	2,052,254
Total expenditures	\$ 126,559,485	\$ 115,507,176	\$ 84,038,274	\$ 77,804,117	\$ 83,662,228	\$ 92,796,161	\$ 73,241,248	\$ 60,570,248	\$ 62,752,355	\$ 68,494,814

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Grantor/Program	Assistance Listing Number	Grant Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Food Distribution (non-cash)	10.550	FY23	<u>127,839</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Education Agencies	84.010	FY21 FY22	449,886 <u>23,231</u>
Vocational Education - Basic Grants to States	84.048A	FY23	<u>41,582</u>
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	FY23	<u>52,445</u>
Improving Teacher Quality State Grants	84.367	FY23	<u>97,184</u>
Title IV Student Support and Academic Enrichment	84.424	FY23	<u>29,441</u>
Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund) (ESSER Fund)	84.425	FY23	<u>1,804,335</u>
Area Education Agency 267:			
Special Education - Grants to States (IDEA)	84.027	FY23	<u>254,951</u>
Total U.S. Department of Education			<u>2,753,055</u>
U.S. Department of Health & Human Services:			
Tri-County Child & Family Development Council, Inc.:			
Head Start	93.600	FY23	<u>234,829</u>
Total U.S. Department of Health & Human Services			<u>234,829</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,115,723</u></u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Assistance

(continued)

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Cedar Falls Community School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2, *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Cedar Falls Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Cedar Falls 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 allowable or are limited as to reimbursement.

Indirect Cost Rate

Cedar Falls Community School District has elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

See accompanying independent auditors' report.

Internal Controls and Compliance

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Janel J. Ruzicka, CPA

Independent Auditors' 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
Cedar Falls Community School District

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental 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 Cedar Falls Community School District as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 17, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cedar Falls 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 Cedar Falls Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Cedar Falls 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 a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cedar Falls Community School District's financial statements are free of 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 statement. 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 that are required to be reported under *Government Auditing Standards*. However, we noted other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Cedar Falls Community School District's Responses to Findings

Cedar Falls Community School District's responses to any findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Cedar Falls Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result 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 Cedar Falls 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.

Carmy, Alexander Mauld + Co, LLP

Waterloo, Iowa
January 17, 2024

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Independent Auditors' Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Board of Education
Cedar Falls Community School District

Report on Compliance for Each Major Federal Program

We have audited Cedar Falls Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Cedar Falls Community School District's major federal programs for the year ended June 30, 2023. Cedar Falls Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Cedar Falls Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cedar Falls Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Cedar Falls Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Cedar Falls Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Report on Internal Control Over Compliance

Management of Cedar Falls Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cedar Falls Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cedar Falls Community School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

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.

Carmy Alexander, Mauld Co, L.L.P.

Waterloo, Iowa
January 17, 2024

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part I: Summary of the Independent Auditors' Results

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) The audit did not disclose any significant deficiencies in internal control over financial reporting.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) The audit did not disclose any significant deficiencies in internal control over major programs.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any findings which were required to be reported in accordance with the Uniform Guidance, Section 200.515.
- (g) Major programs were as follows:
 - Child Nutrition Cluster
 - ESSER
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Cedar Falls Community School District did qualify as a low-risk auditee.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-23 Certified Budget - Expenditures for the year ended June 30, 2023 did not exceed the amended certified budget amounts.
- IV-B-23 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.
- IV-C-23 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.
- IV-D-23 Business Transactions - No business transactions between the District and District officials or employees were noted.
- IV-E-23 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.
- IV-F-23 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 insure that the coverage is adequate for current operations.
- IV-G-23 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-H-23 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-I-23 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-J-23 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.
- IV-K-23 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-L-23 Categorical Funding - No instances of categorical funding used to supplant rather than supplement other funds were noted.
- IV-M-23 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part IV: Other Findings Related to Required Statutory Reporting (continued):

IV-M-23 Statewide Sales and Services Tax (continued)

For the year ended June 30, 2023, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance			\$ 10,414,147
Revenues/transfers in:			
Sales tax revenues	\$ 7,644,311		
Other local revenues	821,638		
Other	-		
			8,465,949
			18,880,096
Expenditures/transfers out			
School infrastructure construction	2,783,947		
Other	948,115		
Transfers to other funds:			
Debt service fund	4,004,320		
			7,736,382
Ending balance			\$ 11,143,714

For the year ended June 30, 2023, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Audit Staff

This audit was performed by:

Janel Ruzicka, CPA, Partner

Lauren Banowetz

Lexi Lyons

Nick Helmers