

CEDAR FALLS COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2025

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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CEDAR FALLS COMMUNITY SCHOOL DISTRICT

OFFICIALS

Name	Title	Term Expires
<u>Board of Education</u>		
Lowell Stutzman	President	2025
Jenny Stipe	Vice President	2025
Nate Gruber	Board Member	2027
Bett Peterson	Board Member	2027
Joyce Coil	Board Member	2025
Jeff Orvis	Board Member	2027
R.J. Meyer	Board Member	2025
<u>School Officials</u>		
Dr. Andrew Pattee	Superintendent	Indefinite
Denelle Gonnerman	District Secretary	Indefinite
Dan Lynch	District Treasurer	2025
John Larsen	Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Cedar Falls Community School District

Report on the Financial Statements**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Cedar Falls Community School District, Cedar Falls, Iowa, as of and for the year ended June 30, 2025, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Unit	Qualified
General Fund	Unmodified
Capital Projects Fund	Unmodified
Debt Service Fund	Unmodified
Management Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinion on Aggregate Discretely Present Component Unit

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified and Unmodified Opinions" paragraph, the financial statements referred to above present fairly in all material respects, the financial position of the aggregate discretely presented component unit of the Cedar Falls Community School District as of June 30, 2025, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Cedar Falls Community School District as of June 30, 2025 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions for Qualified and Unmodified Opinions

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

Emphasis of Matter

As discussed in Note 14 to the financial statements, the District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 101, Compensated Absences. As a result, June 30, 2024 governmental activities net position were restated.

Matter Giving Rise to Qualified Opinion on Aggregate Discretely Presented Component Unit

The financial statements of the Cedar Falls Community School Foundation have not been audited, and we were not engaged to audit the Cedar Falls Community School Foundation as part of our audit of the District's basic financial statements. Cedar Falls Community School Foundation financial activities are included in the District's basic financial statements as a discretely presented component unit.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 16 and 49 through 57 be presented to supplement the basic financial statements. Such information is the responsibility of the 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cedar Falls Community School District's basic financial statements. Other auditors audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2024 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards Required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 8 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 December 14, 2026 on our consideration of Cedar Falls Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Cedar Falls Community School District's internal control over financial reporting and compliance.

BARR & COMPANY, LLC

BARR & COMPANY, LLC

Ottumwa, Iowa
December 14, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2025.

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.

2025 FINANCIAL HIGHLIGHTS

- In total, net position increased by \$25,656,921 or 22% from fiscal 2024. Governmental activities net position increased \$25,634,521 or 22.76% from fiscal year 2024. Net position in business-type activity, which represents the District's food service and student coffee shop operations, increased \$22,400 or 0.68% from fiscal year 2024.
- General Fund revenues (which include the Instructional Support Fund) accounted for \$73,036,605 in revenue or 68.37% of all governmental fund revenues. General Fund expenses, which include the Instructional Support fund, accounted for \$71,641,884 in expenditures or 66.30% of all governmental fund expenses.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

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

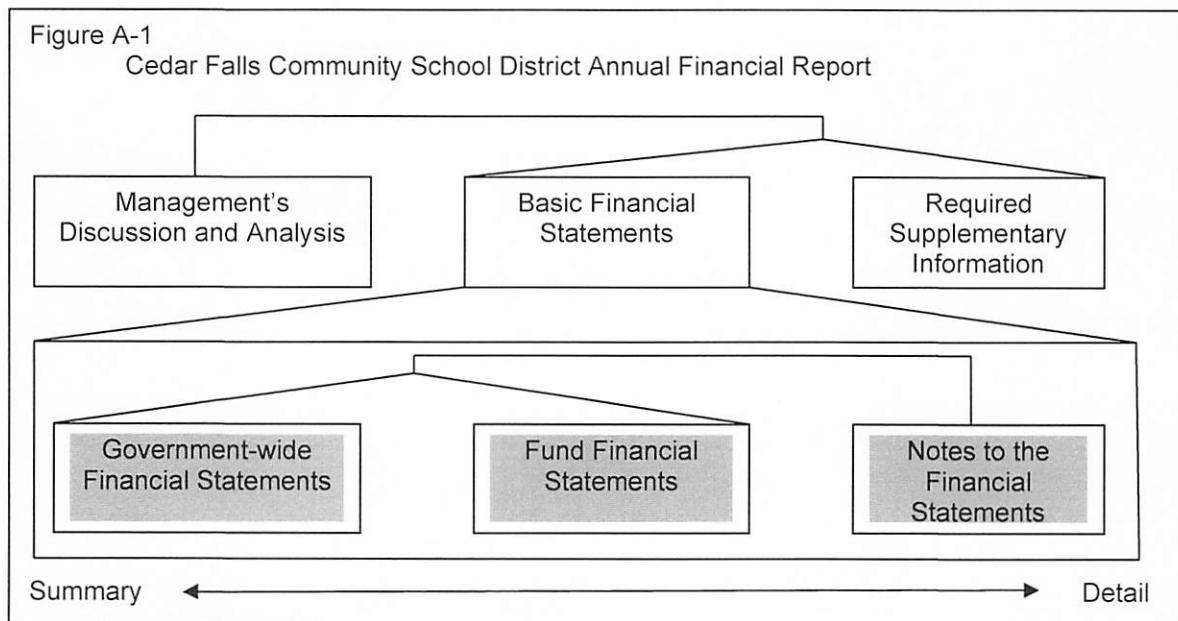


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major features of the Government-Wide and Fund Financial Statements				
Fund Statements				
	Government-wide statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service and high school student coffee shop.	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> Statement of net position Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> Statement of net position Statement of revenues, expenses and changes in fund net position Statement of cash flows 	<ul style="list-style-type: none"> Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of fund balance that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid
Common names of district funds included	All funds with the exception of scholarship funds	General, PPEL, management, student activity, debt service, capital projects	Nutrition fund High School Coffee Shop Fund	Special projects

Reporting the District's Financial Activities

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business-type activities but provides more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the High School Coffee Shop Fund. The required financial statements for the proprietary fund include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.
- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for the assets that belong to others. These funds include the Private Purpose Trust and Custodial Funds, as follows:
 - Private Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
 - Custodial Fund – These are funds for which the District administers and accounts for certain federal and/or state grants as a fiscal agent.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for Fiduciary funds include a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position on June 30, 2025 compared to June 30, 2024.

Figure A-3
Condensed Statement of Net Position

	Governmental		Business Type		Total		Total Change
	Activities		Activities		District	June 30,	
	June 30,	(Not restated)	June 30,	(Not restated)	June 30,	(Not restated)	
	2025	2024	2025	2024	2025	2024	2024-2025
Current and other assets	\$ 91,408,643	\$ 89,047,793	\$ 3,877,235	\$ 3,658,877	\$ 95,285,878	\$ 92,706,670	2.78 %
Capital assets	236,439,885	223,531,052	102,587	115,410	236,542,472	223,646,462	5.77
Total assets	<u>327,848,528</u>	<u>312,578,845</u>	<u>3,979,822</u>	<u>3,774,287</u>	<u>331,828,350</u>	<u>316,353,132</u>	4.89
Deferred outflows of resources	6,010,349	8,137,656	120,047	162,971	6,130,396	8,300,627	(26.15)
Long-term liabilities	140,690,336	155,595,561	617,338	447,546	141,307,674	156,043,107	(9.44)
Other liabilities	16,950,201	10,145,028	172,925	205,061	17,123,126	10,350,089	65.44
Total liabilities	<u>157,640,537</u>	<u>165,740,589</u>	<u>790,263</u>	<u>652,607</u>	<u>158,430,800</u>	<u>166,393,196</u>	(4.79)
Deferred inflows of resources	37,963,001	37,754,058	17,057	14,502	37,980,058	37,768,560	0.56
Net position:							
Net investment in capital assets	113,254,885	92,509,486	102,587	115,410	113,357,472	92,624,896	22.38
Restricted	31,581,227	8,180,056	-	-	31,581,227	8,180,056	286.08
Unrestricted	(6,580,773)	16,532,312	3,189,962	3,154,739	(3,390,811)	19,687,051	(117.22)
Total net position	<u>\$ 138,255,339</u>	<u>\$ 117,221,854</u>	<u>3,292,549</u>	<u>\$ 3,270,149</u>	<u>\$ 141,547,888</u>	<u>\$ 120,492,003</u>	17.47 %

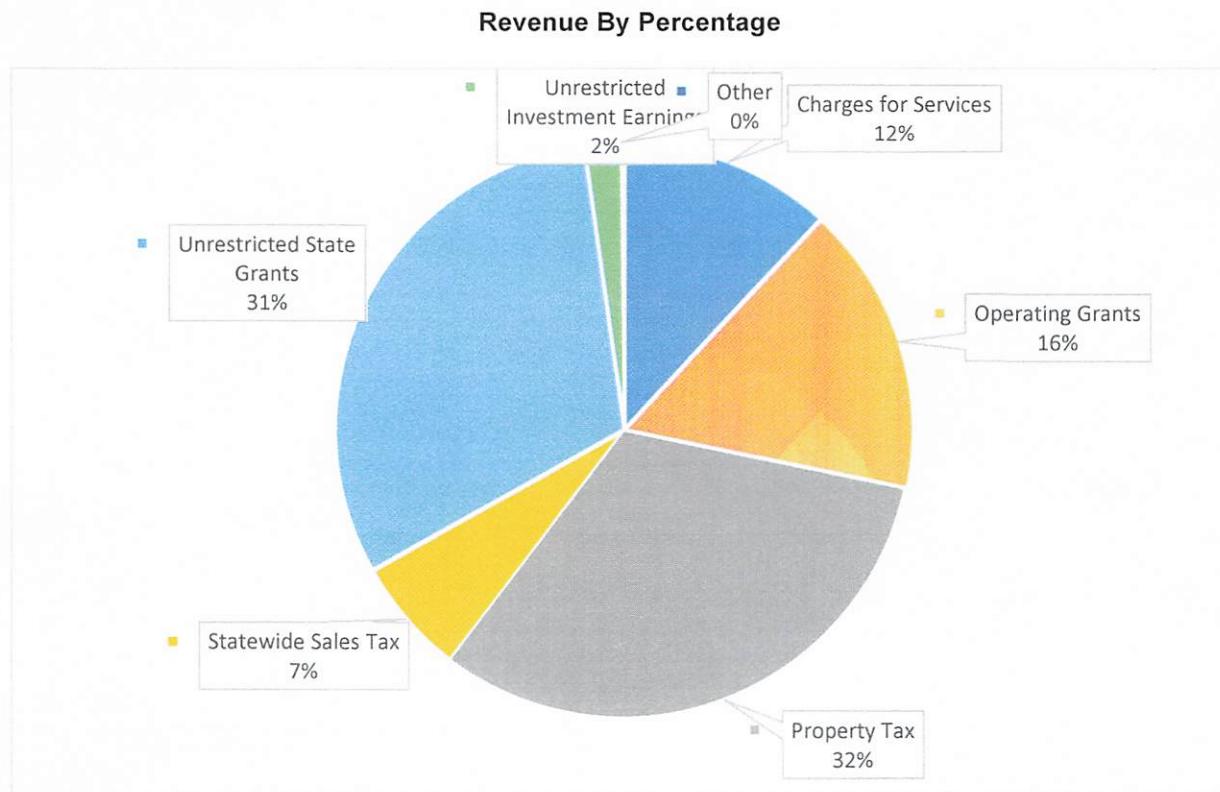
The District's total net position increased by 17.47%, or \$21,055,885, from the prior year.

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

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

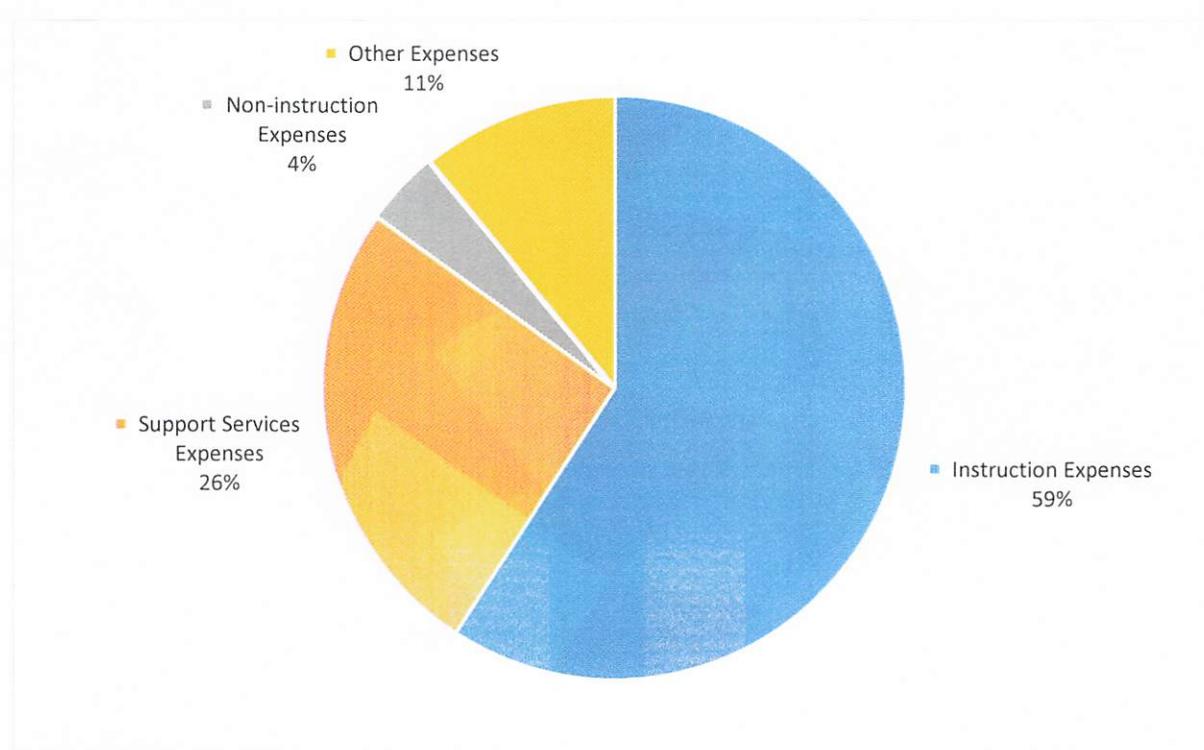
Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

The following chart indicates total fiscal year 2025 revenue by percentage.



Note: due to rounding, percentages may not total 100%.

The following chart indicates total fiscal year 2025 expenses by percentage.



Note: due to rounding, percentages may not total 100%.

Figure A-4 shows the change in net position for the year ended June 30, 2025 compared to the year ended June 30, 2024.

Figure A-4
Change in Net Position

	Governmental Activities June 30, (Not restated)		Business Type Activities June 30, (Not restated)		Total District June 30, (Not restated)		Total Change 2024-2025	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>		
Revenues								
Program revenues:								
Charges for services	\$ 11,407,650	\$ 11,705,012	\$ 1,922,333	\$ 1,744,436	\$ 13,329,983	\$ 13,449,448		(0.89) %
Operating grants, contributions and restricted interest	16,523,799	15,899,335	1,721,624	1,688,109	18,245,423	17,587,444		3.74
Capital grants	-	59,712	-	-	-	59,712		(100.00)
General revenues:								
Property tax	35,851,716	35,273,230	-	-	35,851,716	35,273,230		1.64
Statewide sales, services, and use tax	7,308,136	7,401,195	-	-	7,308,136	7,401,195		(1.26)
Unrestricted state grants	34,547,386	28,835,239	-	-	34,547,386	28,835,239		19.81
Unrestricted investment earnings	2,161,746	2,807,079	152,760	149,932	2,314,506	2,957,011		(21.73)
Transfers	175,241	6,802	(175,241)	(6,802)	-	-		0.00
Other	302,509	50,194	-	-	302,509	50,194		502.68
Total revenues	108,278,183	102,037,798	3,621,476	3,575,675	111,899,659	105,613,473		5.95
Program expenses:								
Instruction	51,022,225	49,880,143	-	-	51,022,225	49,880,143		2.29
Support services	22,218,831	19,809,577	-	-	22,218,831	19,809,577		12.16
Non-instructional programs	-	-	3,599,076	3,047,698	3,599,076	3,047,698		18.09
Other expenses	9,402,606	(3,253,591)	-	-	9,402,606	(3,253,591)		(388.99)
Total expenses	82,643,662	66,436,129	3,599,076	3,047,698	86,242,738	69,483,827		24.12
Change in net position	\$ 25,634,521	\$ 35,601,669	\$ 22,400	\$ 527,977	\$ 25,656,921	\$ 36,129,646		(28.99) %

In the fiscal year 2025, property tax, operating grants, and unrestricted state grants accounted for the majority of governmental activities revenue while charges for services and operating grants, contributions and restricted interest accounted for the majority of the revenue of the business-type activities.

The District's total revenues were approximately \$111.9 million, of which approximately \$108.3 million was for governmental activities and approximately \$3.6 million was for business-type activities.

As shown in Figure A-4, the District as a whole experienced a 5.95% increase in revenues and a 24.12% increase in expenses.

Governmental Activities

Revenues for governmental activities were \$108,278,183 and expenses were \$82,643,662 for the year ended June 30, 2025.

- The cost financed by users of the District's programs was \$11,407,650.
- Federal and state government subsidized certain programs with grants and capital contributions totaling \$16,523,799.
- The net cost of governmental activities was financed with \$35,851,716 in local tax, \$7,308,136 in statewide sales, services and use tax, \$34,547,386 in unrestricted state grants, \$302,509 in other income, and \$2,161,746 in investment income.

The following table (Figure A-5) presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2025 compared to the year ended June 30, 2024.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services		Total Change 2024-2025	Net Cost of Services		Change 2024-2025
	June 30, 2025	2024		June 30, 2025	2024	
Instruction	\$ 51,022,225	\$ 49,880,143	2.29 %	\$ 33,401,185	\$ 31,791,098	5.06 %
Support services	22,218,831	19,809,577	12.16	14,317,138	13,157,708	8.81
Other expenses	9,402,606	(3,253,591)	(388.99)	6,993,890	(6,176,736)	(213.23)
Total expenses	\$ <u>82,643,662</u>	\$ <u>66,436,129</u>	(374.54) %	\$ <u>54,712,213</u>	\$ <u>38,772,070</u>	(199.35) %

Business-Type Activities

Revenues of the District's business-type activities for the year-end June 30, 2025 totaled \$3,621,476 while expenses totaled \$3,599,076. The District's business-type activities include the School Nutrition Fund and Preschool Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Cedar Falls Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balance of \$45,284,989, a 4.57% increase over last year's ending combined fund balance of \$43,306,411. The increase is primarily due to the increase in the General Fund balance during the year.

Governmental Fund Highlights

- The District's General Fund balance increased, increasing from \$13,881,723 at June 30, 2024 to \$15,528,529 at June 30, 2025.
- Capital Projects Fund balance decreased from \$27,563,031 in fiscal 2024 to \$27,470,322 in fiscal 2025.
- Debt Service Fund balance decreased from \$297,702 in fiscal 2024 to \$69,013 in fiscal 2025.
- Management Fund balance increased from \$605,533 in fiscal 2024 to \$1,182,782 in fiscal 2025.

Proprietary Fund Highlights

The Proprietary Fund Net Position remained stable, increasing from \$3,270,149 at June 30, 2024 to \$3,292,549 at June 30, 2025.

BUDGETARY 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 2025 in two categories: total non-instructional expenditures and total other expenditures. Amendments were related to the various ongoing construction projects, generally.

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 2024 and 2025.

<u>Unspent Budget Authority Comparison</u>				
	<u>2024</u>	<u>2025</u>	<u>Change</u>	
Budget Revenue				
Maximum General Fund District Cost	\$ 60,755,351	\$ 62,109,563	\$ 1,354,212	
Preschool Foundation Aid	645,158	716,079	70,921	
Instructional Support Fund	3,110,372	3,165,184	54,812	
Other Miscellaneous Income	8,363,585	7,767,707	(595,878)	
Previous Year Unspent Budget Authority	<u>11,623,502</u>	<u>14,280,329</u>	<u>2,656,827</u>	
Maximum Budget Authority	\$ <u>84,497,968</u>	\$ <u>88,038,862</u>	\$ <u>3,540,894</u>	
Total Expenditures	\$ <u>70,217,639</u>	\$ <u>71,641,871</u>	\$ <u>1,424,232</u>	
End Fiscal Year Unspent Budget Authority	\$ <u>14,280,329</u>	\$ <u>16,396,991</u>	\$ <u>2,116,662</u>	

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the District had invested \$236,542,472 net of accumulated depreciation/amortization, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 13.11% from last year. More detailed information about the District's capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$3,238,666

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

The original cost of the District's capital assets was \$285,555,717. Governmental activities account for \$284,899,445 with the remainder of \$656,272 accounted for in the Proprietary, School Nutrition Fund.

	Capital Assets, Net of Depreciation							
	Governmental		Business Type		Total		Total	
	<u>Activities</u>		<u>Activities</u>		<u>District</u>		<u>Change</u>	
	June 30,		June 30,		June 30,		June 30,	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2024</u>	<u>2024-2025</u>
Land	\$ 3,135,351	\$ 3,745,334	\$ -	\$ -	\$ 3,135,351	\$ 3,745,334	(16.29) %	
Construction in progress	22,860,959	120,490,349	-	-	22,860,959	120,490,349	(81.03)	
Land Improvements	2,362,010	3,153,099	-	-	2,362,010	3,153,099	(25.09)	
Buildings	248,815,844	143,909,143	-	-	248,815,844	143,909,143	72.90	
Furniture and equipment	7,725,281	7,483,584	656,272	656,272	8,381,553	8,139,856	2.97	
Totals	\$ <u>284,899,445</u>	\$ <u>278,781,509</u>	\$ <u>656,272</u>	\$ <u>656,272</u>	\$ <u>285,555,717</u>	\$ <u>279,437,781</u>	2.19 %	

DEBT ADMINISTRATION

As of June 30, 2025, total District outstanding long-term debt is \$148,903,601. Debt consists of \$83,390,000 in general obligation bonds, \$39,795,000 in revenue bonds, \$5,259,016 in compensated absences, \$623,439 in bond premiums, \$2,363,747 in OPEB liabilities and \$17,472,399 in long-term pension liabilities in governmental activities. The following shows the debt comparison between fiscal years 2024 and 2025.

	Outstanding Long-term Obligations				
	Governmental				
	<u>Activities</u>		<u>Change</u>		
	June 30,		June 30,		
	(Not restated)		<u>2025</u>	<u>2024</u>	<u>2024-2025</u>
Revenue bonds	\$ 39,795,000	\$ 42,870,000	(7.17) %		
General obligation bonds	83,390,000	87,475,000	(4.67)		
Bond premiums	623,439	676,566	(7.85)		
Compensated absence	5,259,016	214,097	2,356.37		
Net pension liability	17,472,399	22,377,295	(21.92)		
Net OPEB liability	2,363,747	2,430,149	(2.73)		
Total long-term obligation	\$ <u>148,903,601</u>	\$ <u>156,043,107</u>	(4.58) %		

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit. 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
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	\$ 640,864,200	485,630.4	\$ 1,320	5,520.1	\$ 3,913,795	1.858
FY2025 (est)	\$ 640,864,200	468,810.7	\$ 1,367	5,525.2	\$ 3,973,440	1.901
FY2026 (est)	\$ 661,436,254	483,859.7	\$ 1,367	5,464.8	\$ 3,935,525	1.898

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances which may affect financial health in the future:

- The Iowa Legislature established an increase in "supplemental state aid" (formally "allowable growth") of 2.0% (\$157) for the 2025/2026 school year. In addition, adds \$5 per pupil to narrow the gap between the lowest and highest district cost per pupil totaling \$162.
- Other 2023 and 2024 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
 - House File 2612 – Minimum Teacher Salaries & AEA Education Agencies. This bill increased the minimum teacher salary of \$47,500 for the fiscal year beginning July 1, 2024; increased to at least \$50,000 for the fiscal year beginning July 1, 2025 and each subsequent fiscal year. Establishes a minimum teacher salary of \$60,000 for an individual with at least 12 years of experience for the fiscal year beginning July 1, 2024; increases to at least \$62,000 for the fiscal year beginning July 1, 2025 and each subsequent fiscal year. The bill also establishes authority within the Department of Education to provide general oversight of the Area Education Agencies. Re-establishes authority, modifies the Board of Directors of each Area Education Agency, incorporates recommendation of the nonpublic special education task force, phased in adjustments related to funding to the Area Education Agencies for special education purposes, media, teacher salary supplement and educational services.
 - Senate File 2435 – Open Enrollment Deadlines. This bill re-establishes open enrollment deadlines. Specifies March 1 open enrollment deadline for students entering grades 1 through 12 and a September 1 open enrollment deadline for students entering kindergarten. A school district has until June 1 of each year to approve or deny an open enrollment request.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)

- The October 1, 2024 certified student enrollment count, which is used to determine state foundation aid for the District for 2025/26 school year, decreased by 69.74 students from the October 1, 2024 count. The number of open enrollment students from neighboring district's attending Cedar Falls Schools decreased 12 from 349.0 to 337.0. The number of open enrollment students attending neighboring school districts increased 37.6 from 124.4 to 162.0. The 175.0 open enrollment student net gain provides approximately \$1.39 million in revenue for the District general operating fund.
- The District's 4-year-old (pre-school) program enrollment totaled 189. The State of Iowa provides funding for four-year-old students enrolled in the program at 50% of regular program cost per student, or \$3,994 per student for the 2025/2026 school year.
- 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 \$7,271,968 FY2024 to \$7,308,136 in FY2025. 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.
- The District continues to work on facility needs including the natatorium, Scheels Tiger Performance Center and remodels of Peet and Holmes Jr. High. The completion of the natatorium concluded in FY2026. The Scheels Tiger Performance Center phase I completion anticipated March 2026, with phase II anticipated to begin fall 2026. Finally, the remodels of Peet and Holmes Jr. High anticipated fall 2026.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, tax payers, 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, 2025

	Primary Government				
	Governmental		Business-Type		Total
	Activities	Activities		Component Unit	
ASSETS:					
Current assets:					
Cash, cash equivalents, and pooled investments	\$ 47,329,512	\$ 3,823,520	\$ 51,153,032	\$ 6,776,129	
Receivables:					
Property tax:					
Delinquent	197,788	-	197,788	-	
Succeeding year	35,932,100	-	35,932,100	-	
Income surtax	617,140	-	617,140	-	
Accounts	5,404,337	-	5,404,337	-	
Due from other governments	1,907,333	50	1,907,383	-	
Due from other funds	1,835	-	1,835	-	
Inventories	18,598	53,665	72,263	-	
Total current assets	<u>91,408,643</u>	<u>3,877,235</u>	<u>95,285,878</u>	<u>6,776,129</u>	
Noncurrent assets:					
Capital assets, net of accumulated depreciation	236,439,885	102,587	236,542,472	-	
Total noncurrent assets	<u>236,439,885</u>	<u>102,587</u>	<u>236,542,472</u>		
	TOTAL ASSETS	327,848,528	3,979,822	331,828,350	6,776,129
DEFERRED OUTFLOWS OF RESOURCES:					
Pension related deferred outflows	5,882,281	120,047	6,002,328	-	
OPEB related deferred outflows	128,068	-	128,068	-	
	TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,010,349	120,047	6,130,396	-
LIABILITIES:					
Current liabilities:					
Accounts payable	1,642,649	117,195	1,759,844	1,658	
Salaries and benefits payable	7,392,852	52,957	7,445,809	-	
Accrued interest payable	321,546	-	321,546	-	
Revenue bonds payable	3,100,000	-	3,100,000	-	
General obligation bonds	4,225,000	-	4,225,000	-	
Bond premiums payable	53,127	-	53,127	-	
Compensated absences	215,027	2,773	217,800	-	
Total current liabilities	<u>16,950,201</u>	<u>172,925</u>	<u>17,123,126</u>	<u>1,658</u>	
Revenue bonds payable	36,695,000	-	36,695,000	-	
General obligation bonds	79,165,000	-	79,165,000	-	
Bond premiums payable	570,312	-	570,312	-	
Compensated absences	4,773,326	267,890	5,041,216	-	
Net pension liability	17,122,951	349,448	17,472,399	-	
Total OPEB liability	<u>2,363,747</u>	<u>-</u>	<u>2,363,747</u>		
Total noncurrent liabilities	<u>140,690,336</u>	<u>617,338</u>	<u>141,307,674</u>		
	TOTAL LIABILITIES	157,640,537	790,263	158,430,800	1,658
DEFERRED INFLOWS OF RESOURCES:					
Unavailable property tax revenue	35,932,100	-	35,932,100	-	
OPEB related deferred inflows	1,195,084	-	1,195,084	-	
Pension related deferred inflows	835,817	17,057	852,874	-	
	TOTAL DEFERRED INFLOWS OF RESOURCES	37,963,001	17,057	37,980,058	-
NET POSITION:					
Net investment in capital assets	113,254,885	102,587	113,357,472	-	
Restricted for:					
Management levy purposes	1,182,782	-	1,182,782	-	
Physical plant and equipment	11,606,382	-	11,606,382	-	
Student activities	912,759	-	912,759	-	
Other special revenue purposes	121,584	-	121,584	-	
School infrastructure	15,863,940	-	15,863,940	-	
Debt service	69,013	-	69,013	-	
Categorical funding	1,824,767	-	1,824,767	-	
Unrestricted	<u>(6,580,773)</u>	<u>3,189,962</u>	<u>(3,390,811)</u>	<u>6,774,471</u>	
	TOTAL NET POSITION	\$ 138,255,339	\$ 3,292,549	\$ 141,547,888	\$ 6,774,471

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions and Restricted Interest</u>
<u>FUNCTIONS/PROGRAMS:</u>			
Governmental activities:			
Instruction:			
Regular	\$ 32,481,479	\$ 2,689,016	\$ 10,583,857
Special	10,645,114	1,301,282	289,066
Other	<u>7,895,632</u>	<u>1,871,807</u>	<u>886,012</u>
	<u>51,022,225</u>	<u>5,862,105</u>	<u>11,758,935</u>
Support services:			
Student	2,212,782	-	-
Instructional staff	2,500,710	-	-
Administration	7,378,124	-	-
Operation and maintenance of plant	7,089,326	5,545,545	2,356,148
Transportation	<u>3,037,889</u>	<u>-</u>	<u>-</u>
	<u>22,218,831</u>	<u>5,545,545</u>	<u>2,356,148</u>
Other expenditures:			
Long-term debt interest	4,170,093	-	-
AEA flow through	2,408,716	-	2,408,716
Depreciation (unallocated)*	<u>2,823,797</u>	<u>-</u>	<u>-</u>
	<u>9,402,606</u>	<u>-</u>	<u>2,408,716</u>
Total governmental activities	<u>82,643,662</u>	<u>11,407,650</u>	<u>16,523,799</u>
Business type activities:			
Non-instructional programs:			
Nutrition services	3,523,255	1,922,333	1,640,641
Coffee shop	<u>75,821</u>	<u>-</u>	<u>80,983</u>
Total business type activities	<u>3,599,076</u>	<u>1,922,333</u>	<u>1,721,624</u>
Total	<u>\$ 86,242,738</u>	<u>\$ 13,329,983</u>	<u>\$ 18,245,423</u>
Total component unit	<u>\$ 3,318,752</u>	<u>\$ -</u>	<u>\$ 1,193,095</u>
<u>GENERAL REVENUES:</u>			
Property tax levied for:			
General purposes			
Debt service			
Management			
Capital outlay			
Statewide sales, services and use tax			
Unrestricted state grants			
Unrestricted investment earnings			
Transfers in (out)			
Other			
Total general revenues			
Changes in net position			
Net position - Beginning of year, as restated			
Net position - End of year			

* This amount excludes the depreciation included in the direct expenses of various programs
See Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position			
<u>Primary Government</u>			
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Unit</u>
\$ (19,208,606)	\$ -	\$ (19,208,606)	\$ -
(9,054,766)	-	(9,054,766)	-
(5,137,813)	-	(5,137,813)	-
<u>(33,401,185)</u>	<u>-</u>	<u>(33,401,185)</u>	<u>-</u>
(2,212,782)	-	(2,212,782)	-
(2,500,710)	-	(2,500,710)	-
(7,378,124)	-	(7,378,124)	-
812,367	-	812,367	-
<u>(3,037,889)</u>	<u>-</u>	<u>(3,037,889)</u>	<u>-</u>
<u>(14,317,138)</u>	<u>-</u>	<u>(14,317,138)</u>	<u>-</u>
(4,170,093)	-	(4,170,093)	-
<u>(2,823,797)</u>	<u>-</u>	<u>(2,823,797)</u>	<u>-</u>
<u>(6,993,890)</u>	<u>-</u>	<u>(6,993,890)</u>	<u>-</u>
<u>(54,712,213)</u>	<u>-</u>	<u>(54,712,213)</u>	<u>-</u>
-	39,719	39,719	-
<u>-</u>	<u>5,162</u>	<u>5,162</u>	<u>-</u>
<u>-</u>	<u>44,881</u>	<u>44,881</u>	<u>-</u>
\$ <u>(54,712,213)</u>	\$ <u>44,881</u>	\$ <u>(54,667,332)</u>	\$ <u>-</u>
			\$ <u>(2,125,657)</u>
22,222,212	-	22,222,212	-
7,413,728	-	7,413,728	-
1,946,904	-	1,946,904	-
4,268,872	-	4,268,872	-
7,308,136	-	7,308,136	-
34,547,386	-	34,547,386	-
2,161,746	152,760	2,314,506	735,256
175,241	(175,241)	-	-
<u>302,509</u>	<u>-</u>	<u>302,509</u>	<u>117,288</u>
<u>80,346,734</u>	<u>(22,481)</u>	<u>80,324,253</u>	<u>852,544</u>
25,634,521	22,400	25,656,921	(1,273,113)
112,620,818	3,270,149	115,890,967	8,047,584
\$ <u>138,255,339</u>	\$ <u>3,292,549</u>	\$ <u>141,547,888</u>	\$ <u>6,774,471</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

<u>ASSETS</u>	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Management</u>	<u>Non-major Governmental</u>	<u>Total</u>
Cash, cash equivalents and pooled investments	\$ 21,145,876	\$ 24,210	\$ 23,930,556	\$ 1,172,496	\$ 1,056,374	\$ 47,329,512
Receivables:						
Property tax:						
Delinquent	116,831	44,803	25,798	10,356	-	197,788
Succeeding year	22,237,058	7,363,418	4,358,009	1,973,615	-	35,932,100
Income surtax	617,140	-	-	-	-	617,140
Accounts	2,011,909	-	3,392,358	-	70	5,404,337
Inventories	18,598	-	-	-	-	18,598
Due from other funds	1,835	-	-	-	-	1,835
Due from other governments	602,036	-	1,305,297	-	-	1,907,333
	TOTAL ASSETS	\$ 46,751,283	\$ 7,432,431	\$ 33,012,018	\$ 3,156,467	\$ 1,056,444
						\$ 91,408,643
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>						
LIABILITIES:						
Accounts payable	\$ 975,945	\$ -	\$ 644,774	\$ 70	\$ 21,860	\$ 1,642,649
Salaries and benefits payable	7,392,611	-	-	-	241	7,392,852
Total liabilities	8,368,556	-	644,774	70	22,101	9,035,501
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues:						
Succeeding year property tax	22,237,058	7,363,418	4,358,009	1,973,615	-	35,932,100
Other	-	-	538,913	-	-	538,913
Income surtax	617,140	-	-	-	-	617,140
Total deferred inflows of resources	22,854,198	7,363,418	4,896,922	1,973,615	-	37,088,153
FUND BALANCES:						
Nonspendable:						
Inventories	18,598	-	-	-	-	18,598
Restricted for:						
Categorical funding	1,824,767	-	-	-	-	1,824,767
Debt service	-	69,013	-	-	-	69,013
Management levy purposes	-	-	-	1,182,782	-	1,182,782
Student activities	-	-	-	-	912,759	912,759
Public purpose trust funds	-	-	-	-	121,584	121,584
School infrastructure	-	-	15,863,940	-	-	15,863,940
Physical plant and equipment	-	-	11,606,382	-	-	11,606,382
Unassigned	13,685,164	-	-	-	-	13,685,164
Total fund balances	15,528,529	69,013	27,470,322	1,182,782	1,034,343	45,284,989
	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 46,751,283	\$ 7,432,431	\$ 33,012,018	\$ 3,156,467	\$ 1,056,444
						\$ 91,408,643

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS \$ 45,284,989

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. 236,439,885

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (321,546)

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 1,156,053

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	\$ 6,010,349
Deferred inflows of resources	<u>(2,030,901)</u>
	3,979,448

Long-term liabilities, including revenue bonds payable, general obligation bonds payable, bond premiums, compensated absences, total OPEB liability, and net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (148,283,490)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 138,255,339

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Management</u>	<u>Nonmajor</u>	<u>Total</u>
REVENUES:						
Local sources:						
Local tax	\$ 22,222,212	\$ 7,413,728	\$ 4,268,872	\$ 1,946,904	\$ -	\$ 35,851,716
Tuition	3,717,239	-	-	-	-	3,717,239
Other	1,590,477	39,904	11,339,223	3,509	1,282,276	14,255,389
State sources	43,715,001	106,530	7,369,477	31,369	-	51,222,377
Federal sources	1,791,676	-	-	-	-	1,791,676
Total revenues	<u>73,036,605</u>	<u>7,560,162</u>	<u>22,977,572</u>	<u>1,981,782</u>	<u>1,282,276</u>	<u>106,838,397</u>
EXPENDITURES:						
Current:						
Instruction:						
Regular	32,255,843	-	191,801	138,023	-	32,585,667
Special	10,693,529	-	-	-	-	10,693,529
Other	6,718,682	-	-	-	1,206,355	7,925,037
	<u>49,668,054</u>	<u>-</u>	<u>191,801</u>	<u>138,023</u>	<u>1,206,355</u>	<u>51,204,233</u>
Support services:						
Student	2,222,846	-	-	-	-	2,222,846
Instructional staff	2,505,521	-	6,562	-	-	2,512,083
Administration	6,863,859	-	495,482	51,900	-	7,411,241
Operation and maintenance of plant	5,867,991	-	210,432	1,041,964	-	7,120,387
Transportation	2,104,897	-	485,993	142,353	-	2,733,243
	<u>19,565,114</u>	<u>-</u>	<u>1,198,469</u>	<u>1,236,217</u>	<u>-</u>	<u>21,999,800</u>
Other expenditures:						
Facilities acquisition	-	-	21,012,195	28,293	-	21,040,488
Long-term debt:						
Principal	-	7,160,000	-	-	-	7,160,000
Interest	-	4,242,615	-	-	-	4,242,615
AEA flow through	<u>2,408,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,408,716</u>
Total expenditures	<u>71,641,884</u>	<u>11,402,615</u>	<u>22,402,465</u>	<u>1,402,533</u>	<u>1,206,355</u>	<u>108,055,852</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,394,721</u>	<u>(3,842,453)</u>	<u>575,107</u>	<u>579,249</u>	<u>75,921</u>	<u>(1,217,455)</u>
Other financing sources (uses):						
Proceeds on sale	74,844	-	2,945,948	-	-	3,020,792
Operating transfers in	177,241	3,613,764	-	-	-	3,791,005
Operating transfers out	-	-	(3,613,764)	(2,000)	-	(3,615,764)
Total other financing sources (uses)	<u>252,085</u>	<u>3,613,764</u>	<u>(667,816)</u>	<u>(2,000)</u>	<u>-</u>	<u>3,196,033</u>
Change in fund balances	1,646,806	(228,689)	(92,709)	577,249	75,921	1,978,578
FUND BALANCES - Beginning of year	13,881,723	297,702	27,563,031	605,533	958,422	43,306,411
FUND BALANCES - End of year	\$ 15,528,529	\$ 69,013	\$ 27,470,322	\$ 1,182,782	\$ 1,034,343	\$ 45,284,989

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, 2025

<u>CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</u>	\$ 1,978,578
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay	\$ 21,072,814
Disposal of capital assets	(4,938,138)
Depreciation expense	<u>(3,225,843)</u>
	12,908,833

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. The amounts of long term liabilities repaid and amortization of premiums are as follows:

Amortization of bond premiums	53,127
Repaid	<u>7,160,000</u>
	7,213,127

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

19,395

Certain other revenue not considered available revenue and are recognized as deferred inflows of resources in the governmental funds.

1,156,053

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

4,276,789

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 governmental funds, as follows:

Compensated absences	(173,220)
Pension expense	(1,698,495)
Other postemployment benefits	<u>(46,539)</u>
	(1,918,254)

<u>CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES</u>	\$ 25,634,521
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CEDAR FALLS COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Enterprise School Nutrition	Non-Major Enterprise		Enterprise Total
		Coffee Shop		
ASSETS:				
Current assets:				
Cash, cash equivalents and pooled investments	\$ 3,783,761	\$ 39,759	\$ 3,823,520	
Accounts receivable	50	-	50	
Inventories	53,665	-	53,665	
Total current assets	<u>3,837,476</u>	<u>39,759</u>	<u>3,877,235</u>	
Noncurrent assets:				
Capital assets, net of accumulated depreciation	102,587	-	102,587	
Total noncurrent assets	<u>102,587</u>	<u>-</u>	<u>102,587</u>	
	TOTAL ASSETS	3,940,063	39,759	3,979,822
DEFERRED OUTFLOWS OF RESOURCES:				
Pension related deferred outflows	120,047	-	120,047	
Total deferred outflows of resources	<u>120,047</u>	<u>-</u>	<u>120,047</u>	
LIABILITIES:				
Current liabilities:				
Accrued expenses	52,957	-	52,957	
Accounts payable	117,195	-	117,195	
Accrued compensated absences	270,663	-	270,663	
Total current liabilities	<u>440,815</u>	<u>-</u>	<u>440,815</u>	
Noncurrent liabilities:				
Net pension liability	349,448	-	349,448	
Total noncurrent liabilities	<u>349,448</u>	<u>-</u>	<u>349,448</u>	
	TOTAL LIABILITIES	790,263	-	790,263
DEFERRED INFLOWS OF RESOURCES:				
Pension related deferred inflows	17,057	-	17,057	
Total deferred inflows of resources	<u>17,057</u>	<u>-</u>	<u>17,057</u>	
NET POSITION:				
Net investment in capital assets	102,587	-	102,587	
Unrestricted	3,150,203	39,759	3,189,962	
	TOTAL NET POSITION	\$ 3,252,790	\$ 39,759	\$ 3,292,549

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Enterprise	Non-Major	Enterprise
	School	Enterprise	Enterprise
	Nutrition	Coffee Shop	Total
Operating revenue:			
Local sources:			
Other local sources:			
Charges for service	\$ 1,922,333	\$ -	\$ 1,922,333
Miscellaneous	- 80,983	80,983	80,983
Total operating revenues	<u>1,922,333</u>	<u>80,983</u>	<u>2,003,316</u>
Operating expenses:			
Non-instructional programs:			
Salaries	1,256,570	-	1,256,570
Benefits	264,602	-	264,602
Services	87,593	-	87,593
Supplies	1,895,815	75,821	1,971,636
Other	5,852	-	5,852
Depreciation	12,823	-	12,823
Total non-instructional programs	<u>3,523,255</u>	<u>75,821</u>	<u>3,599,076</u>
Total operating expenses	<u>3,523,255</u>	<u>75,821</u>	<u>3,599,076</u>
Operating income (loss)	<u>(1,600,922)</u>	<u>5,162</u>	<u>(1,595,760)</u>
Non-operating revenues (expenses):			
Interest on investments	152,760	-	152,760
Transfers out	(175,241)	-	(175,241)
State lunch and breakfast program claims	19,499	-	19,499
National school lunch program	1,392,350	-	1,392,350
Commodities	228,792	-	228,792
Total non-operating revenues (expenses)	<u>1,618,160</u>	<u>-</u>	<u>1,618,160</u>
Change in net position	17,238	5,162	22,400
NET POSITION - Beginning of year	<u>3,235,552</u>	<u>34,597</u>	<u>3,270,149</u>
NET POSITION - End of year	<u>\$ 3,252,790</u>	<u>\$ 39,759</u>	<u>\$ 3,292,549</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Exhibit I

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Enterprise School Nutrition	Non-Major Enterprise		Total
		Coffee Shop		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from sale of lunches and breakfasts	\$ 1,922,333	\$ -	\$ 1,922,333	
Cash received for other purposes		80,983		80,983
Cash payments to employees for services	(1,521,172)	-	(1,521,172)	
Cash payments to suppliers for goods and services	(1,542,717)	(76,420)	(1,619,137)	
Net cash provided (used) by operating activities	<u>(1,141,556)</u>	<u>4,563</u>	<u>(1,136,993)</u>	
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
State grants received	19,499	-	19,499	
Federal grants received	<u>1,217,109</u>	<u>-</u>	<u>1,217,109</u>	
Net cash provided by non-capital financing activities	<u>1,236,608</u>	<u>-</u>	<u>1,236,608</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	<u>152,760</u>	<u>-</u>	<u>152,760</u>	
Net increase in cash, cash equivalents and pooled investments	247,812	4,563	252,375	
CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - beginning of year	3,535,949	35,196	3,571,145	
CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - end of year	\$ 3,783,761	\$ 39,759	\$ 3,823,520	
RECONCILIATION OF OPERATING INCOME (LOSS) TO				
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (1,600,922)	\$ 5,162	\$ (1,595,760)	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Commodities used	228,792	-	228,792	
Depreciation	12,823	-	12,823	
Decrease in accounts receivable and due from others	24,171	-	24,171	
Increase in accrued expenses	286,068	-	286,068	
Decrease in inventories	9,846	-	9,846	
Increase in accounts payable	7,646	(599)	7,047	
Decrease in pension liability and related accounts	(52,619)	-	(52,619)	
Decrease in deferred revenue	(57,361)	-	(57,361)	
Net cash provided (used) by operating activities	<u>\$ (1,141,556)</u>	<u>\$ 4,563</u>	<u>\$ (1,136,993)</u>	

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2025, the District received \$228,792 of federal commodities.

CEDAR FALLS COMMUNITY SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Private Purpose Trust Scholarship	Agency Funds
ASSETS:		
Current assets:		
Cash, cash equivalents and pooled investments	\$ 17,223	\$ 174,498
Accounts receivable	-	1,148,126
Due from others	-	300
Total assets	<u>17,223</u>	<u>1,322,924</u>
LIABILITIES:		
Accounts payable	-	1,178,601
Due to others	-	1,835
Total liabilities	<u>-</u>	<u>1,180,436</u>
NET POSITION:		
Held in trust for scholarships	<u>17,223</u>	<u>142,488</u>
Total net position	<u>\$ 17,223</u>	<u>\$ 142,488</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Donations	\$ 5,066
Total additions	<u>5,066</u>
Deductions:	
Scholarships awarded	<u>5,000</u>
	<u>5,000</u>
Change in net position	66
NET POSITION - beginning of year	<u>17,157</u>
NET POSITION - end of year	<u>\$ 17,223</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 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.

Reporting Entity

For financial reporting purposes, Cedar Falls Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The 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. The Foundation is a separate legal entity with its own accounting records and board of trustees. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented. The Foundation is accounted for as a component unit on the Statement of Net Position and the Statement of Activities. The Cedar Falls Community Schools Foundation financial statements were not audited.

Jointly Governed Organizations - 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.

Basis of Presentation

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

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

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. 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 subject to constraints imposed by management which can be removed or modified.

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

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

The District reports the following major governmental funds:

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

The 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 Management Fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

The other governmental funds of the District are considered non-major and are as follows:

The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

The District reports the following major proprietary fund:

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

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

The Private Purpose Scholarship Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards. The Custodial Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments.

Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues. When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 amortized cost.

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

Property Tax Receivable – Property tax in 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 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 1½% per month penalty for delinquent payments; is based on the January 1, 2023 assessed property valuations; is for the tax accrual period July 1, 2024 through June 30, 2025 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2024.

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

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

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

Capital Assets (Continued)

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.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 5,000
Buildings and improvements	5,000
Improvements other than buildings	5,000
Intangibles	50,000
Vehicles	5,000
Furniture and equipment:	
School nutrition fund equipment	5,000
Other furniture and equipment	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	50 years
Improvements other than buildings	20-50 years
Intangibles	5-10 years
Vehicles	4-7 years
Furniture and equipment	5-20 years

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

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

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

Advances from Prepaid Lunches – Proceeds received by the District for which services will be rendered in a succeeding fiscal year, such as prepaid lunch money.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2025. The compensated absences liability attributable to the governmental activities will generally be paid by the General Fund and Enterprise Fund.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities and business-type activities columns 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 by the General Fund.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Cedar Falls Community School District's actuarial 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 by the General Fund.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources 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 in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, and unrecognized items not yet charged to pension expense.

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

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

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 of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

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

Unassigned – All amounts not included in the preceding classifications.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2025 expenditures exceeded the amounts budgeted in the non-instructional function.

NOTE 2: CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS

The District's deposits in banks on June 30, 2025, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2: CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS (Continued)

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 \$2,389,408 at June 30, 2025. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAA by Standard & Poor's Financial Services.

NOTE 3: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2025, is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General Fund	Management Fund	\$ 2,000
Debt Service Fund	SAVE Fund	3,613,764
General Fund	Nutrition Fund	<u>175,241</u>
		\$ <u>3,791,005</u>

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,745,334	\$ -	\$ 609,983	\$ 3,135,351
Construction in progress	<u>120,490,349</u>	<u>20,275,130</u>	<u>117,904,520</u>	<u>22,860,959</u>
Total capital assets not being depreciated	<u>124,235,683</u>	<u>20,275,130</u>	<u>118,514,503</u>	<u>25,996,310</u>
Capital assets being depreciated:				
Buildings and improvements	143,909,143	118,140,320	13,233,619	248,815,844
Land improvements	3,153,099	-	791,089	2,362,010
Furniture and equipment	2,472,533	75,891	91,742	2,456,682
Vehicles	5,011,051	485,993	228,445	5,268,599
Total capital assets being depreciated	<u>154,545,826</u>	<u>118,702,204</u>	<u>14,344,895</u>	<u>258,903,135</u>
Less accumulated depreciation for:				
Buildings and improvements	46,292,575	2,748,217	9,229,025	39,811,767
Land improvements	3,063,322	11,028	738,569	2,335,781
Furniture and equipment	2,213,996	92,651	5,323	2,301,324
Vehicles	3,680,563	373,947	43,822	4,010,688
Total accumulated depreciation	<u>55,250,456</u>	<u>3,225,843</u>	<u>10,016,739</u>	<u>48,459,560</u>
Total capital assets being depreciated, net	<u>99,295,370</u>	<u>115,476,361</u>	<u>4,328,156</u>	<u>210,443,575</u>
Governmental activities capital assets, net	<u>\$ 223,531,053</u>	<u>\$ 135,751,491</u>	<u>\$ 122,842,659</u>	<u>\$ 236,439,885</u>
Business-type activities:				
Machinery and equipment	656,272	-	-	656,272
Less accumulated depreciation	540,862	12,823	-	553,685
Business-type activities capital assets, net	<u>\$ 115,410</u>	<u>\$ (12,823)</u>	<u>\$ -</u>	<u>\$ 102,587</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:			
Instruction:			
Regular	\$ 43,343		
Other	7,742		
Support services:			
Administration	437		
Operation and Maintenance	33,503		
Transportation	317,021		
Unallocated	<u>2,823,797</u>		
Total governmental activities depreciation expense	<u>\$ 3,225,843</u>		
Business-type activities:			
Food service operations	<u>\$ 12,823</u>		

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5: LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2025, are summarized as follows:

	Balance Beginning of Year, As Restated	Additions	Reductions	End of Year	One Year
Governmental activities:					
Revenue bonds	\$ 42,870,000	\$ -	\$ 3,075,000	\$ 39,795,000	\$ 3,100,000
General obligation bonds	87,475,000	-	4,085,000	83,390,000	4,225,000
Bond premiums	676,566	-	53,127	623,439	53,127
Compensated absence	4,815,133	387,317	214,097	4,988,353	215,027
Net pension liability	21,929,749	-	4,806,798	17,122,951	-
Total OPEB liability	2,430,149	-	66,402	2,363,747	-
Total	<u>\$ 160,196,597</u>	<u>\$ 387,317</u>	<u>\$ 12,300,424</u>	<u>\$ 148,283,490</u>	<u>\$ 7,593,154</u>
Business type activities:					
Compensated absence	\$ -	\$ 270,663	\$ -	\$ 270,663	\$ 2,773
Net pension liability	447,546	-	98,098	349,448	-
Total	<u>\$ 447,546</u>	<u>\$ 270,663</u>	<u>\$ 98,098</u>	<u>\$ 620,111</u>	<u>\$ 2,773</u>

General Obligation Bonds

Year Ending June 30.	<u>Bond Issue of February 7, 2017</u>			<u>Bond Issue of May 11, 2022</u>		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2026	3.00 %	\$ 1,585,000	\$ 658,924	4.00 %	\$ 2,640,000	\$ 2,503,000
2027	3.00	1,730,000	611,376	4.00	2,745,000	2,397,400
2028	3.00	1,730,000	559,476	4.00	2,855,000	2,287,600
2029	3.00	1,735,000	507,576	4.00	2,970,000	2,173,400
2030	3.00	1,790,000	455,526	4.00	3,090,000	2,054,600
2031-2035	3.30-3.375	10,000,000	1,406,822	4.00	17,400,000	8,318,000
2036-2040	3.50	2,245,000	78,576	4.00	21,175,000	4,547,400
2041-2042	3.00	-	-	4.00	9,700,000	585,800
		<u>\$ 20,815,000</u>	<u>\$ 4,278,276</u>	<u>\$ 25,093,276</u>	<u>\$ 62,575,000</u>	<u>\$ 24,867,200</u>
						<u>\$ 87,442,200</u>
<u>Total</u>						
Year Ending June 30.		Principal	Interest		Total	
2026	\$ 4,225,000	\$ 3,161,924	\$ 7,386,924			
2027	4,475,000	3,008,776	7,483,776			
2028	4,585,000	2,847,076	7,432,076			
2029	4,705,000	2,680,976	7,385,976			
2030	4,880,000	2,510,126	7,390,126			
2031-2035	27,400,000	9,724,822	37,124,822			
2036-2040	23,420,000	4,625,976	28,045,976			
2041-2042	<u>9,700,000</u>	<u>585,800</u>	<u>10,285,800</u>			
	<u>\$ 83,390,000</u>	<u>\$ 29,145,476</u>	<u>\$ 112,535,476</u>			

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.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5: LONG-TERM LIABILITIES (Continued)

Revenue Bonds

Details of the District's June 30, 2025 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30.	Bond Issue of November 21, 2016						Bond Issue of November 12, 2019					
	Interest Rate	Principal	Interest	Total	Interest Rate	Principal	Interest	Total				
2026	2.10 %	\$ 1,250,000	\$ 108,150	\$ 1,358,150	1.90 %	\$ 1,000,000	\$ 111,055	\$ 1,111,055				
2027	2.10	1,275,000	81,900	1,356,900	1.90	1,000,000	92,055	1,092,055				
2028	2.10	1,300,000	55,125	1,355,125	1.90	1,000,000	73,055	1,073,055				
2029	2.10	1,325,000	27,825	1,352,825	1.90	1,400,000	54,055	1,454,055				
2030		-	-	-	1.90	1,445,000	27,455	1,472,455				
2031-2035		-	-	-		-	-	-				
2036-2039		-	-	-		-	-	-				
		\$ 5,150,000	\$ 273,000	\$ 5,423,000		\$ 5,845,000	\$ 357,675	\$ 6,202,675				

Year Ending June 30.	Bond Issue of June 10, 2021						Total					
	Interest Rate	Principal	Interest	Total	Year Ending June 30.	Principal	Interest	Total				
2026	2.14 %	\$ 850,000	\$ 616,320	\$ 1,466,320	2026	\$ 3,100,000	\$ 835,525	\$ 3,935,525				
2027	2.14	850,000	598,130	1,448,130	2027	3,125,000	772,085	3,897,085				
2028	2.14	850,000	579,940	1,429,940	2028	3,150,000	708,120	3,858,120				
2029	2.14	600,000	561,750	1,161,750	2029	3,325,000	643,630	3,968,630				
2030	2.14	1,500,000	548,910	2,048,910	2030	2,945,000	576,365	3,521,365				
2031-2035	2.14	13,480,000	2,006,894	15,486,894	2031-2035	13,480,000	2,006,894	15,486,894				
2036-2039	2.14	10,670,000	567,316	11,237,316	2036-2039	10,670,000	567,316	11,237,316				
		\$ 28,800,000	\$ 5,479,260	\$ 34,279,260		\$ 39,795,000	\$ 6,109,935	\$ 45,904,935				

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 5: LONG-TERM LIABILITIES (Continued)

Revenue Bonds (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 \$5,423,000. For the current year, principal of \$1,225,000 and interest of \$133,875 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 \$6,202,675. For the current year, principal of \$1,000,000 and interest of \$130,055 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 \$34,279,260. For the current year, principal of \$850,000 and interest of \$634,510 was paid.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6: OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	13
Active employees	703
Total	<u>716</u>

Total OPEB Liability – The District's total OPEB liability of \$2,363,747 was measured as of June 30, 2025 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2025 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, 2025)	2.50% per annum.
Rates of salary increase (effective June 30, 2025)	3.50% per annum, including inflation.
Discount Rate (effective June 30, 2025)	5.20% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2025)	7.60% initial rate decreasing annually to an ultimate rate of 3.90%.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Discount Rate – The discount rate used to measure the total OPEB liability was 5.20% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the PUB-2010 headcount weighted base mortality table, projected generationally using MP-2021. Gender-specific teacher rates were used for all participants.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 2,430,149
Changes for the year:	
Service cost	194,059
Interest cost	101,989
Changes in assumptions or other inputs	(252,041)
Benefit payments	<u>(110,409)</u>
Net changes	(66,402)
Total OPEB liability end of year	\$ <u>2,363,747</u>

Changes of assumptions reflect a change in the discount rate from 3.97% in fiscal year 2024 to 5.20% in fiscal year 2025.

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 (4.20 %) or 1% higher (6.20%) than the current discount rate.

	1%	Discount	1%
	Decrease	Rate	Increase
	(4.20)	(5.20)	(6.20)
Total OPEB liability	\$ <u>2,566,944</u>	\$ <u>2,363,747</u>	\$ <u>2,175,739</u>

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 what the District's total OPEB liability would be if it was calculated using healthcare cost trend rates that are 1% lower (6.60%) or 1% higher (8.60%) than the current healthcare cost trend rates.

	Healthcare	
	1%	Cost Trend
	Decrease	Rate
	(6.60)	(7.60)
Total OPEB liability	\$ <u>2,055,963</u>	\$ <u>2,363,747</u>
	1%	1%
	Increase	Increase
	(8.60)	(8.60)
	\$ <u>2,732,507</u>	

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB – For the year ended June 30, 2025, the District recognized OPEB expense of \$156,948. At June 30, 2025, the District reported deferred outflows and inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 260,691
Change of assumptions	<u>128,068</u>	<u>934,393</u>
Total	<u>\$ 128,068</u>	<u>\$ 1,195,084</u>

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

Year Ended <u>June 30,</u>	
2026	\$ (139,100)
2027	(139,100)
2028	(139,100)
2029	(139,100)
2030	(128,228)
Thereafter	<u>(382,388)</u>
	 <u>\$ (1,067,016)</u>

NOTE 7: PENSION PLAN – IPERS

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, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7: PENSION PLAN – IPERS (Continued)

Pension Benefits (Continued)

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 percent for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50 percent 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 are eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires 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 2025, pursuant to the required rate, Regular members contributed 6.29 percent of covered payroll and the District contributed 9.44 percent of covered payroll for a total rate of 15.73 percent.

The District's contributions to IPERS for the year ended June 30, 2025 totaled \$4,364,070.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2025, the District reported a liability of \$17,472,399 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024, the District's proportion was 0.473147 percent, which was a decrease of 0.011816 percent from its proportion measured as of June 30, 2023.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7: PENSION PLAN – IPERS (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2025, the District recognized pension expense of \$1,802,644. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,390,294	\$ 10,854
Changes of assumptions	-	244
Net difference between projected and actual earnings on IPERS investments	218,522	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	29,442	841,776
District contributions subsequent to the measurement date	<u>4,364,070</u>	-
Total	\$ <u>6,002,328</u>	\$ <u>852,874</u>

\$4,364,070 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. 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,	Total
2026	\$ (2,490,813)	
2027	4,045,214	
2028	(34,021)	
2029	(707,390)	
2030	<u>(27,606)</u>	
Total	\$ <u>785,384</u>	

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

Rate of inflation (effective June 30, 2017)	3.25% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 20217)	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.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7: PENSION PLAN – IPERS (Continued)

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2024 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.0 %	4.56 %
International equity	13.0	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	25.5	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	5.5	4.6
Total	<u>100.0</u> %	

Discount Rate – The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to currently 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 <u>(6.00)%</u>	Discount Rate <u>(7.00)%</u>	1% Increase <u>(8.00)%</u>
District's proportionate share the net pension liability:	\$ <u>42,876,957</u>	\$ <u>17,472,399</u>	\$ <u>(3,804,050)</u>

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, 2025, the District had no outstanding amounts due to IPERS.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8: RISK MANAGEMENT

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

NOTE 9: AREA EDUCATION AGENCY

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$2,408,716 for the year ended June 30, 2025 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTE 10: TAX ABATEMENTS

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

Tax abatements of other entities

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2025 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax abatement program</u>	<u>Amount of tax abated</u>
City of Cedar Falls	Urban Renewal and Economic Development Projects	\$ 316,085

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, 2025, this reimbursement amounted to \$191,806.

NOTE 11: CATEGORICAL FUNDING

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance. The District's ending restricted balances for categorical funding as of June 30, 2025, are comprised of the following programs:

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11: CATEGORICAL FUNDING (Continued)

<u>Program</u>	<u>Amount</u>
TLC	\$ 976,080
Teacher salary supplement	6,902
Professional development	593,965
Successful program for early readers	55,923
Empowering youth service-learning	1,500
Talented and gifted program	148,588
4-year old preschool	41,809
Total	<u>\$ 1,824,767</u>

NOTE 12: CHANGE IN AREA EDUCATION FUNDING

The Governor signed House File 2612 on March 27, 2024, which changes the percentage of educational and media services funding generated through local property taxes by Districts which flow through to each Area Education Agency (AEA) beginning July 1, 2024. For fiscal year 2026, 100% of the educational and media services funds generated by Districts will be received directly by the District and none will flow through to the AEAs. Also, for fiscal year 2026, Districts will flow through 90% (instead of 100%) of special education support services funds to AEAs, who will code the funds as a combination of state aid and property taxes.

NOTE 13: CONSTRUCTION COMMITMENTS

The District has entered into contracts for various construction and improvement contracts totaling \$27,871,957 as of June 30, 2025. Costs of \$22,860,959 on these contracts had been incurred as of June 30, 2025. The balance of \$5,010,998 remaining on these contracts will be paid as work on the various projects progresses.

NOTE 14: RESTATEMENT

The District implemented Governmental Accounting Standards Board Statement No. 101, Compensated Absences. The objective of statement No. 101 is to clarify the recognition and measurement and guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This required the District to restate net position as of June 30, 2024, as follows:

	<u>Governmental</u>	<u>Business-Type</u>
	<u>Activities</u>	<u>Activities</u>
Net position June 30, 2024, as previously reported	\$ 117,221,854	\$ 3,270,149
Compensated absences liability, change in accounting principle	4,601,036	-
Net position June 30, 2024, as restated	<u>\$ 112,620,818</u>	<u>\$ 3,270,149</u>

NOTE 15: SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 14, 2025, the date statements were available to be issued.

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 FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Total <u>Actual</u>
REVENUES:			
Local sources	\$ 53,824,344	\$ 2,156,076	\$ 55,980,420
State sources	51,222,377	19,499	51,241,876
Federal sources	<u>1,791,676</u>	<u>1,621,142</u>	<u>3,412,818</u>
Total revenues	<u>106,838,397</u>	<u>3,796,717</u>	<u>110,635,114</u>
EXPENDITURES/EXPENSES:			
Instruction	51,204,233	-	51,204,233
Support services	21,999,800	-	21,999,800
Non-instructional programs	-	3,599,076	3,599,076
Other expenditures	<u>34,851,819</u>	<u>-</u>	<u>34,851,819</u>
Total expenditures/expenses	<u>108,055,852</u>	<u>3,599,076</u>	<u>111,654,928</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(1,217,455)	197,641	(1,019,814)
Other financing sources (uses), net	<u>3,196,033</u>	<u>(175,241)</u>	<u>3,020,792</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	1,978,578	22,400	2,000,978
BALANCE - Beginning of year	<u>43,306,411</u>	<u>3,270,149</u>	<u>46,576,560</u>
BALANCE - End of year	\$ 45,284,989	\$ 3,292,549	\$ 48,577,538

<u>Budgeted Amounts</u>		<u>Final to Actual Variance</u>
<u>Original</u>	<u>Final</u>	
\$ 50,002,490	\$ 50,002,490	\$ 5,977,930
51,339,568	51,339,568	(97,692)
<u>3,030,302</u>	<u>3,030,302</u>	<u>382,516</u>
<u>104,372,360</u>	<u>104,372,360</u>	<u>6,262,754</u>
55,002,481	55,002,481	3,798,248
25,640,738	25,640,738	3,640,938
3,370,414	3,527,166	(71,910)
<u>32,530,689</u>	<u>39,640,270</u>	<u>4,788,451</u>
<u>116,544,322</u>	<u>123,810,655</u>	<u>12,155,727</u>
(12,171,962)	(19,438,295)	18,418,481
<u>(60,000)</u>	<u>(60,000)</u>	<u>3,080,792</u>
(12,231,962)	(19,498,295)	21,499,273
<u>25,346,823</u>	<u>25,346,823</u>	<u>21,229,737</u>
\$ <u>13,114,861</u>	\$ <u>5,848,528</u>	\$ <u>42,729,010</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2025

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

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

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

During the year ended June 30, 2025, expenditures exceeded the amounts budgeted in the non-instructional expenditures function.

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 TEN FISCAL YEARS*
(IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2025</u>	<u>2024</u>	<u>2023</u>
District's proportion of the net pension liability	0.473147 %	0.484963 %	0.502329 %
District's proportionate share of the net pension liability	\$ 17,472	\$ 22,377	\$ 19,938
District's covered-employee payroll	\$ 39,962	\$ 40,268	\$ 39,021
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	43.72 %	55.57 %	51.10 %
IPERS' net position as a percentage of the total pension liability	92.30 %	90.13 %	91.41 %

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

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
0.501544 %	0.498430 %	0.501833 %	0.502652 %	0.482235 %	0.467299 %	0.464128 %
\$ 703	\$ 35,013	\$ 29,059	\$ 31,809	\$ 32,123	\$ 29,408	\$ 22,930
\$ 37,527	\$ 35,314	\$ 34,223	\$ 34,155	\$ 32,623	\$ 30,330	\$ 28,891
1.87 %	99.15 %	84.91 %	93.13 %	98.47 %	96.96 %	79.37 %
100.81 %	82.60 %	85.45 %	83.62 %	82.21 %	81.82 %	85.19 %

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
(IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Statutorily required contribution	\$ 4,364	\$ 4,110	\$ 4,012
Contributions in relation to the statutorily required contribution	<u>(4,364)</u>	<u>(4,110)</u>	<u>(4,012)</u>
Contribution deficiency (excess)	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>
District's covered-employee payroll	\$ 46,230	\$ 39,962	\$ 40,268
Contributions as a percentage of covered-employee payroll	9.44% %	10.28 %	9.96 %

	<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>
\$	3,843	\$	3,842	\$	3,743	\$	3,618	\$	3,373	\$	3,217	\$	2,995
	<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> </u> -												
\$	39,021	\$	37,527	\$	35,314	\$	34,223	\$	34,155	\$	32,623	\$	30,330
	9.85 %		10.24 %		10.60 %		10.57 %		9.88 %		9.86 %		9.87 %

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

YEAR ENDED JUNE 30, 2025

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
FOR THE LAST FOUR YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Service cost	\$ 194,059	\$ 221,234	\$ 220,165	\$ 325,970
Interest cost	101,999	109,067	98,676	61,956
Difference between expected and actual experiences	(252,041)	(32,858)	-	(188,480)
Changes in assumptions	(110,409)	(413,925)	(37,292)	(509,242)
Benefit payments	-	(115,387)	(147,009)	(127,260)
Net change in total OPEB liability	(66,402)	(231,869)	134,540	(437,056)
Total OPEB liability, beginning of year	<u>2,430,149</u>	<u>2,662,018</u>	<u>2,527,478</u>	<u>2,964,534</u>
Total OPEB liability, end of year	<u>\$ 2,363,747</u>	<u>\$ 2,430,149</u>	<u>\$ 2,662,018</u>	<u>\$ 2,527,478</u>
 Covered-employee payroll	 \$ 46,112,548	 \$ 39,962,664	 \$ 11,339,000	 \$ 10,955,141
Total OPEB liability as a percentage of covered - employee payroll	5.13%	6.08%	23.48%	23.07%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2025	5.20%
Year ended June 30, 2024	3.97%
Year ended June 30, 2023	3.86%
Year ended June 30, 2022	3.69%
Year ended June 30, 2021	1.92%

SUPPLEMENTARY INFORMATION

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
COMPONENT UNIT
JUNE 30, 2025

Component Unit
Cedar Falls
Community
Schools
Foundation

ASSETS

Cash, cash equivalents and pooled investments	\$ 6,776,129
	<u>6,776,129</u>

TOTAL ASSETS

LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>	\$ 1,658
--------------------	----------

<u>NET POSITION</u>	
Unrestricted	\$ 6,774,471

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION
COMPONENT UNIT
YEAR ENDED JUNE 30, 2025

Component Unit
Cedar Falls
Community
Schools
Foundation

SUPPORT AND REVENUE

Contributions	\$ 1,193,095
Investment earnings	735,256
Other revenue	117,288
Total support and revenue	<u>2,045,639</u>

EXPENDITURES:

Instructional support and other	3,219,894
Operation and maintenance	98,858
Total expenditures	<u>3,318,752</u>

Change in net position (1,273,113)

NET POSITION - Beginning of year 8,047,584

NET POSITION - End of year \$ 6,774,471

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue		
	<u>Student Activity</u>	<u>Public Purpose Trust Fund</u>	<u>Total Special Revenue Funds</u>
<u>ASSETS</u>			
Cash, cash equivalents and pooled investments	\$ 934,790	\$ 121,584	\$ 1,056,374
Receivables:			
Accounts	<u>70</u>	<u>-</u>	<u>70</u>
	TOTAL ASSETS	\$ 934,860	\$ 121,584
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ 21,860	\$ -	\$ 21,860
Salaries and benefits payable	<u>241</u>	<u>-</u>	<u>241</u>
	<u>22,101</u>	<u>-</u>	<u>22,101</u>
<u>FUND BALANCE:</u>			
Restricted for:			
Student activities	912,759	-	912,759
Public purpose trust funds	<u>-</u>	<u>121,584</u>	<u>121,584</u>
Total fund balance	<u>912,759</u>	<u>121,584</u>	<u>1,034,343</u>
	TOTAL LIABILITIES AND FUND BALANCE	\$ 934,860	\$ 121,584

SCHEDULE 2CEDAR FALLS COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	<u>Special Revenue</u>		
	<u>Student Activity</u>	<u>Public Purpose Trust Fund</u>	<u>Total</u>
<u>REVENUES:</u>			
Local sources:			
Other	\$ 1,269,184	\$ 13,092	\$ 1,282,276
Total revenues	<u>1,269,184</u>	<u>13,092</u>	<u>1,282,276</u>
<u>EXPENDITURES:</u>			
Current:			
Instruction:			
Other	1,205,083	1,272	1,206,355
Total expenditures	<u>1,205,083</u>	<u>1,272</u>	<u>1,206,355</u>
Excess of revenues over expenditures	64,101	11,820	75,921
<u>FUND BALANCES</u> - Beginning of year	<u>848,658</u>	<u>109,764</u>	<u>958,422</u>
<u>FUND BALANCES</u> - End of year	\$ <u>912,759</u>	\$ <u>121,584</u>	\$ <u>1,034,343</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS
JUNE 30, 2025

	<u>GO Bond Proceeds</u>	<u>Statewide Sales, Service and Use Tax</u>	<u>Physical Plant and Equipment Levy</u>	<u>Total Capital Project Funds</u>
<u>ASSETS</u>				
Cash, cash equivalents and pooled investments	\$ -	\$ 15,175,395	\$ 8,755,161	\$ 23,930,556
Receivables:				
Property tax:				
Delinquent	-	-	25,798	25,798
Succeeding year	-	-	4,358,009	4,358,009
Accounts	-	-	3,392,358	3,392,358
Due from other governments	<u> -</u>	<u>766,384</u>	<u>538,913</u>	<u>1,305,297</u>
TOTAL ASSETS	\$ -	\$ 15,941,779	\$ 17,070,239	\$ 33,012,018
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	<u> -</u>	<u>\$ 77,839</u>	<u>\$ 566,935</u>	<u>\$ 644,774</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Unavailable revenues:				
Other	-	-	538,913	538,913
Succeeding year property tax	<u> -</u>	<u>-</u>	<u>4,358,009</u>	<u>4,358,009</u>
	<u> -</u>	<u>-</u>	<u>4,896,922</u>	<u>4,896,922</u>
<u>FUND BALANCES:</u>				
Restricted for:				
School infrastructure	-	15,863,940	-	15,863,940
Physical plant and equipment	<u> -</u>	<u>-</u>	<u>11,606,382</u>	<u>11,606,382</u>
Total fund balances	<u> -</u>	<u>15,863,940</u>	<u>11,606,382</u>	<u>27,470,322</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ -	\$ 15,941,779	\$ 17,070,239	\$ 33,012,018

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS
YEAR ENDED JUNE 30, 2025

	<u>GO Bond Proceeds</u>	<u>Statewide Sales, Service and Use Tax</u>	<u>Physical Plant and Equipment Levy</u>	<u>Total Capital Project Funds</u>
REVENUES:				
Local sources:				
Local tax	\$ -	\$ -	\$ 4,268,872	\$ 4,268,872
Other	255,290	916,847	10,167,086	11,339,223
State sources	-	7,308,136	61,341	7,369,477
Total revenues	255,290	8,224,983	14,497,299	22,977,572
EXPENDITURES:				
Instruction:				
Regular	-	191,801	-	191,801
Support services:				
Instructional staff	-	6,562	-	6,562
Administration	5,300	258,373	231,809	495,482
Operation of maintenance and plant	-	202,513	7,919	210,432
Transportation	-	485,993	-	485,993
Other expenditures:				
Facilities acquisition	9,792,630	431,705	10,787,860	21,012,195
Total expenditures	9,797,930	1,576,947	11,027,588	22,402,465
Excess (deficiency) of revenues over (under) expenditures	(9,542,640)	6,648,036	3,469,711	575,107
Other financing sources (uses):				
Proceeds from sale	-	1,219	2,944,729	2,945,948
Operating transfers out	-	(3,613,764)	-	(3,613,764)
Total other financing sources (uses)	-	(3,612,545)	2,944,729	(667,816)
Change in fund balances	(9,542,640)	3,035,491	6,414,440	(92,709)
FUND BALANCES - Beginning of year	9,542,640	12,828,449	5,191,942	27,563,031
FUND BALANCES - End of year	\$ -	\$ 15,863,940	\$ 11,606,382	\$ 27,470,322

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND -
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2025

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Intrafund Transfers</u>	<u>Balance End of Year</u>
Investment income	\$ 128,199	\$ 25,872	\$ -	\$ (12,000)	\$ 142,071
Miscellaneous	16,812	716	744	(316)	16,468
Drama arts	13,762	8,574	7,486	(724)	14,126
Speech	353	200	1,707	1,300	146
Recog.-music/speech	467	-	-	-	467
Yearbook	129,744	57,447	39,006	1,683	149,868
Music/vocal	11,881	16,463	21,905	368	6,807
Music/orchestra	6,795	46,862	52,065	100	1,692
Band	2,552	30,666	26,459	257	7,016
Athletics	29,349	300,258	339,303	102,773	93,077
Athletic resale	13,749	12,269	17,247	-	8,771
Bowling	1,252	784	1,360	1,000	1,676
Track meets	2,526	12,791	14,368	-	949
Tennis	364	212	3,591	3,015	-
Golf	2,385	2,555	14,250	9,500	190
Cheerleaders	4,126	26,099	26,582	1,500	5,143
Pom poms	5,978	28,937	39,334	4,419	-
Basketball-boys	6,204	18,984	21,136	5,000	9,052
Football	10,690	97,759	53,933	(54,400)	116
Soccer-boys	1,346	4,759	5,808	6,000	6,297
Baseball	-	13,110	23,359	11,000	751
Track-boys	5,596	6,943	15,071	5,000	2,468
Swimming-boys	1,587	3,314	3,250	-	1,651
Wrestling	663	10,170	19,281	10,000	1,552
Basketball-girls	2,931	10,184	12,657	3,000	3,458
Volleyball	577	18,805	14,682	(3,400)	1,300
Soccer-girls	4,653	5,334	6,204	-	3,783
Softball	2,414	3,849	7,036	774	1
Track-girls	2,269	781	1,919	-	1,131
Swimming-girls	8,855	4,218	3,061	(6,000)	4,012
Girls wrestling	470	12,332	15,929	5,000	1,873
Concessions-Robinsen/Dresser	18,548	160,658	134,379	(14,300)	30,527
A.P.A.	2,295	13,853	14,152	-	1,996
A.V. Dept.	1,002	-	66	-	936
P.C.B.C.	3,651	-	-	-	3,651
Campus improvement	20,079	7,292	2,592	-	24,779
CFHS Memorial Fund	4,171	250	-	-	4,421
Food Bank	1,055	9,398	8,564	-	1,889
DECA	3,620	37,208	34,153	-	6,675
English resource center	6,845	-	495	-	6,350
FBLA	13	-	-	-	13
Food service	1,321	-	-	-	1,321
General store	1,897	-	-	-	1,897
Activity tickets/Jr. high	50,121	46,035	7,617	(81,007)	7,532
Jr/Sr prom	27,172	12,139	8,769	-	30,542
Library	3,494	-	33	-	3,461
FTC	13,975	14,670	16,006	4,588	17,227
M.R.C.	260	-	-	-	260

SCHEDULE 5 (Continued)
CEDAR FALLS COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND -
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2025

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Intrafund Transfers</u>	<u>Balance End of Year</u>
(continued)					
Pop	\$ 3,263	\$ -	\$ -	\$ (1,683)	\$ 1,580
AP textbooks	7,471	-	-	-	7,471
Programs	4,551	-	-	-	4,551
Revolving	22,095	6,183	7,239	354	21,393
Science club	34	8,597	2,651	(1,373)	4,607
Faculty	65	-	-	-	65
Tiger Hi-Line	3,535	-	-	-	3,535
Student forum	1,565	10,961	10,795	-	1,731
Class of 2008	5,459	-	-	-	5,459
Tiger Bizness	1,800	4,414	5,098	-	1,116
Student council	40,484	24,852	24,854	-	40,482
Pictures	8,888	2,352	1,894	-	9,346
Lego league	18,629	7,177	12,092	171	13,885
Student activities	4,230	5,949	4,355	-	5,824
Math club	70	176	52	-	194
Tiger Time	-	-	9	9	-
Magazines	8,661	-	7,671	(47)	943
Gym padlocks	1,258	10	-	-	1,268
Recycling	163	40	198	-	5
Alpha	2,578	-	-	-	2,578
Robotics	74,157	61,070	38,476	(4,760)	91,991
SADD	600	2,725	2,551	-	774
Video yearbook	47	-	-	-	47
Culture Fair	-	-	-	-	-
Trapshtooting	13,256	24,818	26,979	-	11,095
Drama club	40,529	20,580	15,283	-	45,826
Tech clubs	45	-	-	-	45
Choral/Dramatic	94	-	-	-	94
Echoes concessions	453	-	-	-	453
Amnesty International	907	-	-	-	907
PATT Concessions	413	-	-	-	413
Brick Fundraiser	502	-	-	-	502
Art Club	1,724	-	-	-	1,724
AW	834	-	-	-	834
PLTW	37	-	-	-	37
Rocket Club	-	5,950	5,291	-	659
E-sports	-	-	3,199	3,199	-
SAGA	960	-	-	-	960
Volunteer	532	-	113	-	419
Cultural Diversity	701	580	724	-	557
Total	\$ 848,658	\$ 1,269,184	\$ 1,205,083	\$ -	\$ 912,759

See Accompanying Independent Auditor's Report

SCHEDULE 6CEDAR FALLS COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2025

	Balance Beginning of Year			Balance End of Year
	Additions		Deductions	
ASSETS				
Cash, cash equivalents and pooled investments	\$ 100,788	\$ 5,130,901	\$ 5,057,191	\$ 174,498
Accounts receivable	770,134	1,148,126	770,134	1,148,126
Due from others	<u>329</u>	<u>300</u>	<u>329</u>	<u>300</u>
Total assets	\$ 871,251	\$ 6,279,327	\$ 5,827,654	\$ 1,322,924
LIABILITIES				
Accounts payable	\$ 760,690	\$ 1,178,601	\$ 760,690	\$ 1,178,601
Due to other funds	4,046	1,835	4,046	1,835
Due to others	<u>106,515</u>	<u>142,488</u>	<u>106,515</u>	<u>142,488</u>
Total liabilities	\$ 871,251	\$ 1,322,924	\$ 871,251	\$ 1,322,924

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

	2025	2024	2023	2022	Modified Accrual Basis Years Ended June 30,
Revenues:					
Local sources:					
Local tax	\$ 35,851,716	\$ 35,273,230	\$ 35,692,923	\$ 29,890,894	
Tuition	3,717,239	3,443,125	3,207,226	2,910,639	
Other	14,255,389	11,095,249	4,770,366	1,707,372	
State sources	51,222,377	49,136,705	48,281,668	44,928,233	
Federal sources	1,791,676	3,032,493	3,583,282	4,869,327	
 Total revenues	 \$ 106,838,397	 \$ 101,980,802	 \$ 95,535,465	 \$ 84,306,465	
 Expenditures:					
Instruction:					
Regular	\$ 32,585,667	\$ 33,958,608	\$ 33,551,655	\$ 33,853,413	
Special	10,693,529	9,614,897	8,853,218	9,058,508	
Other	7,925,037	7,221,621	6,571,935	5,800,859	
Support services:					
Student	2,222,846	2,075,450	2,131,708	2,120,329	
Instructional staff	2,512,083	2,668,605	2,638,006	2,323,383	
Technology	7,411,241	6,774,146	6,673,023	6,445,196	
Administration					
Operation and maintenance of plant	7,120,387	6,553,853	6,312,488	6,211,699	
Transportation	2,733,243	2,435,738	2,399,786	2,210,615	
Capital outlay	21,040,488	32,709,302	43,128,837	38,452,012	
Long-term debt:					
Principal	7,160,000	6,905,000	6,755,000	4,335,000	
Interest and other charges	4,242,615	4,476,070	4,639,571	1,909,653	
AEA flow-through	2,408,716	2,923,145	2,904,258	2,786,509	
 Total expenditures	 \$ 108,055,852	 \$ 118,316,435	 \$ 126,559,485	 \$ 115,507,176	

See Accompanying Independent Auditor's Report

SCHEDULE 7

	<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>
\$	29,728,652	\$	28,847,585	\$	27,746,837	\$	27,474,490	\$	22,485,509	\$	21,081,789
	2,788,011		2,754,397		2,742,104		2,738,786		2,937,262		2,760,127
	1,478,435		1,914,062		2,846,788		2,705,844		1,890,341		1,807,832
	41,501,019		39,263,607		37,807,973		37,300,711		36,600,570		33,120,500
	<u>3,664,272</u>		<u>1,678,535</u>		<u>1,908,924</u>		<u>2,123,041</u>		<u>2,282,521</u>		<u>2,153,972</u>
\$	<u>79,160,389</u>	\$	<u>74,458,186</u>	\$	<u>73,052,626</u>	\$	<u>72,342,872</u>	\$	<u>66,196,203</u>	\$	<u>60,924,220</u>
\$	30,477,906	\$	29,395,269	\$	29,290,322	\$	28,125,705	\$	27,360,072	\$	25,390,983
	9,096,693		8,623,222		8,248,751		8,211,561		7,680,596		7,113,626
	5,242,536		5,544,142		5,512,184		5,471,743		5,252,702		5,153,356
	2,090,927		1,931,565		1,895,600		1,724,710		1,625,721		1,578,255
	2,253,339		2,312,262		2,260,104		1,908,763		1,966,626		1,814,357
	<u>6,382,307</u>		<u>6,373,680</u>		<u>6,190,142</u>		<u>6,001,549</u>		<u>6,146,806</u>		<u>6,063,674</u>
	6,006,178		5,447,948		5,441,321		5,293,802		4,885,892		4,582,929
	2,234,582		1,919,886		2,321,997		2,165,870		2,164,304		1,912,068
	10,254,935		7,765,171		14,939,589		25,747,879		8,768,472		1,987,716
	5,645,000		4,390,000		3,645,000		3,920,000		2,080,000		1,775,000
	1,690,818		1,576,446		1,490,825		1,817,435		3,029,453		1,005,441
	<u>2,663,053</u>		<u>2,524,526</u>		<u>2,426,393</u>		<u>2,407,144</u>		<u>2,280,604</u>		<u>2,192,843</u>
\$	<u>84,038,274</u>	\$	<u>77,804,117</u>	\$	<u>83,662,228</u>	\$	<u>92,796,161</u>	\$	<u>73,241,248</u>	\$	<u>60,570,248</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

	Assistance Living Number	Grant/Entity Identifying Number	Program Expenditures
GRANTOR/PROGRAM:			
INDIRECT:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Local foods for Schools Cooperative Agreement Program	10.185	FY25	\$ 2,000
Child Nutrition Cluster:			
Food Distribution (non-cash)	10.555	FY25	228,792
School Breakfast Program	10.553	FY25	192,665
Supply Chain Assistance Funds	10.555	FY25	57,361
National School Lunch Program	10.555	FY25	<u>1,140,324</u>
			<u>1,619,142</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY25	<u>656,610</u>
Title I Grants to LEAs, Carryover Allocation	84.010	FY25	<u>53,444</u>
Student Support and Academic Enrichment Program	84.424	FY25	<u>30,396</u>
Career and Technical Education - Basic Grants to States	84.048	FY25	<u>53,660</u>
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	FY25	<u>46,840</u>
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act (CARES) Cluster:			
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER III) (Teacher and Paraeducator Registered Apprenticeship Grant Program)	84.425U	FY25	4,372
Rethink K12 Education Models Discretionary Grant	84.425B	FY25	18,883
Industry-Recognized Credentials - Credentials to Careers Grant	84.425B	FY25	<u>51,915</u>
Total Education Stabilization Fund Under CARES Cluster			<u>75,170</u>
Supporting Effective Instruction State Grant	84.367	FY25	<u>128,898</u>
Central Rivers Area Education Agency:			
Special education - Grants to States	84.027	FY25	<u>251,221</u>
U.S. Department of Health & Human Services:			
Tri-County Child & Family Development Council, Inc.:			
Head Start	93.600	FY25	<u>187,312</u>
Total U. S. Department of Health & Human Services			<u>187,312</u>
Total			\$ <u>3,104,693</u>

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Cedar Falls Community School District under programs of the federal government for the year ended June 30, 2025. 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 did not elect to use the 10% de minimis indirect cost rate as allowed under

See Accompanying Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of
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 Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Cedar Falls Community School District as of and for the year ended June 30, 2025, and the related Notes to the Financial Statements, which collectively comprise Cedar Falls Community School District's basic financial statements and have issued our report thereon dated December 14, 2025.

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 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 that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2025 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 the Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of 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.

BARR & COMPANY, LLC

BARR & COMPANY, LLC

Ottumwa, Iowa
December 14, 2025

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on each Major Federal Program

We have audited the Cedar Falls Community School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on Cedar Falls Community School District's major federal program for the year ended June 30, 2025. Cedar Falls Community School District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Cedar Falls Community School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cedar Falls Community School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgment made by a reasonable user of the report on compliance about Cedar Falls Community School District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

BARR & COMPANY, LLC

BARR & COMPANY, LLC

Ottumwa, Iowa
December 14, 2025

CEDAR FALLS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

PART I: SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS:

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose any findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major programs were as follows:
 - Child Nutrition Cluster
 - Title 1
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Cedar Falls Community School District did not qualify as a low-risk auditee.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

PART III: FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

PART IV: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

IV-A-25 Certified Budget – Expenditures for the year ended June 30, 2025 exceeded the amended certified budget amounts in the non-instructional expense function.

Recommendation- The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

IV-B-25 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-25 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-25 Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-E-25 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-25 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

IV-G-25 Board Minutes – We noted no transactions requiring Board approval which have not been approved by the Board.

IV-H-25 Certified Enrollment – No variances were noted in the certified enrollment data certified to the Iowa Department of Education.

IV-I-25 Supplementary Weighting – No variances were noted in the supplementary weighting data certified to the Iowa Department of Education.

IV-J-25 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

IV-K-25 Certified Annual Report – The certified annual report was certified timely to the Iowa Department of Education.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

PART IV: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

IV-L-25 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-M-25 Statewide Sales, Services and Use Tax – No instances of noncompliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2025, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance	\$ 12,828,449
Revenues/transfer in:	
Statewide sales, services and use tax	\$ 7,308,136
Other local	<u>918,066</u>
	<u>8,226,202</u>
	<u>21,054,651</u>
Expenditures:	
Instruction	191,801
Support services	953,441
Other expenditures	431,705
Transfers to other funds:	
Debt service	<u>3,613,764</u>
	<u>5,190,711</u>
Ending balance	<u>\$ 15,863,940</u>

For the year ended June 30, 2025, the District did not reduce any levies as a result of the money received under Chapter 423E or 423F of the Code of Iowa.