

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2023

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
 Table of Contents
 June 30, 2023

		<u>Page</u>
Officials		1
Independent Auditor's Report		2-5
Management's Discussion and Analysis		6-13
Basic Financial Statements	<u>Exhibit</u>	
Government-wide Financial Statements		
Statement of Net Position	A	15-16
Statement of Activities	B	17-18
Governmental Fund Financial Statements		
Balance Sheet	C	19
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D	20
Statement of Revenues, Expenditures and Changes in Fund Balances	E	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	22
Proprietary Fund Financial Statements		
Statement of Net Position	G	23
Statement of Revenues, Expenses and Changes in Fund Net Position	H	24
Statement of Cash Flows	I	25
Fiduciary Fund Financial Statements		
Statement of Fiduciary Net Position	J	26
Statement of Changes in Fiduciary Net Position	K	27
Notes to Financial Statements		28-48
Required Supplementary Information		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds		50
Notes to Required Supplementary Information - Budgetary Reporting		51
Schedule of the District's Proportionate Share of the Net Pension Liability		52
Schedule of District Contributions		53
Notes to Required Supplementary Information - Pension Liability		54
Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes		55
Notes to Required Supplementary Information - OPEB Liability		56

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
 Table of Contents
 June 30, 2023

Supplementary Information	<u>Schedule</u>	<u>Page</u>
Nonmajor Governmental Funds		
Combining Balance Sheet	1	58
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	59
Nonmajor Enterprise Funds		
Combining Statement of Net Position	3	60
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	4	61
Combining Statement of Cash Flows	5	62
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	6	63
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	7	64
 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 <u>Government Auditing Standards</u>		 65-67
 Schedule of Findings		 68-71
 Audit Staff		 72

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Officials
June 30, 2023

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Jamie Whitmer	President	Nov. 2025
Grant Aschinger	Vice President	Nov. 2023
Tyler Gebers	Board Member	Nov. 2023
Beth Schossow	Board Member	Nov. 2023
Jeff Witzke	Board Member	Nov. 2025
Matthew Wittrock	Board Member	Nov. 2025
Don Kalin	Board Member	Nov. 2025
School Officials		
Adam Bisenius	Superintendent	Indefinite
Natalie Kliegl	District Secretary/Treasurer	Indefinite
Ahlers & Cooney, P.C.	Attorney	Indefinite

Kay L. Chapman, CPA PC

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Independent Auditor's Report

To the Board of Education of Galva-Holstein Community School District:

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Galva-Holstein Community School District, Holstein, Iowa, as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

In my 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 Galva-Holstein Community School District as of June 30, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. general accepted accounting principles.

Basis for Opinions

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

Basis for Disclaimer of Opinion

The financial statements of the Galva-Holstein Community School District Foundation have not been audited, and I was not engaged to audit the Foundation financial statements as part of my audit of the Galva-Holstein Community School District's basic financial statements. The Foundation's financial statements are included in the District's financial

statements as a discretely presented component unit. Because I was not engaged to audit the Foundation's financial statements and because I did not apply any auditing procedures to the Foundation's financial statements, I do not express an opinion on the discretely presented component unit.

Disclaimer of Opinion

Because the Foundation's financial statements have not been audited, the scope of my work was not sufficient to enable me to express, and I do not express, an opinion on the financial statements of the discretely presented component unit of the Galva-Holstein Community School District, as of and for the year ended June 30, 2023.

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 Galva-Holstein 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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Galva-Holstein 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 my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Galva-Holstein Community School District's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 (Asset), the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 6 through 13 and 50 through 56 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Galva-Holstein Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2022 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the two years ended June 30, 2015 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated January 15, 2024 on my consideration of Galva-Holstein Community School District's internal control over financial reporting and on my 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 my 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 Galva-Holstein Community School District's internal control over financial reporting and compliance.


Kay L. Chapman, CPA PC
January 15, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Galva-Holstein Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2023. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2023 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$7,385,780 in fiscal year 2022 to \$7,339,662 in fiscal year 2023, and General Fund expenditures decreased from \$6,996,843 in fiscal year 2022 to \$6,978,704 in fiscal year 2023. The District's General Fund balance increased from \$3,752,715 at the end of fiscal year 2022 to \$4,113,673 at the end of fiscal year 2023, a 10% increase.
- Physical Plant and Equipment Levy Fund revenues increased from \$295,126 in fiscal year 2022 to \$321,559 in fiscal year 2023 and expenditures increased from \$219,985 in fiscal year 2022 to \$293,672 in fiscal year 2023. Physical Plant and Equipment Levy Fund balance increased from \$288,887 in fiscal year 2022 to \$413,738 in fiscal year 2023, a 43% increase.
- Debt Service Fund revenues increased from \$1,024,068 in fiscal year 2022 to \$1,103,049 in fiscal year 2023 and expenditures increased from \$1,217,030 in fiscal year 2022 to \$1,308,316 in fiscal year 2023. Debt Service Fund balance increased from \$55,094 in fiscal year 2022 to \$58,697 in fiscal year 2023, a 7% increase.
- The fiscal year 2023 General Fund revenue decrease of approximately \$46,000 was due substantially to the decrease in federal funding from the ESSER program of \$132,000 as well as a decrease in open enrollment tuition of almost \$66,000. These decreases were partially set off with increased property tax revenues and special education tuition. The slight decrease in General Fund expenditures came in the area of regular education expenditures where much of that savings was shifted to expenditures in special education as well as other instruction.

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 Galva-Holstein 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 Galva-Holstein Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Galva-Holstein 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 and enterprise funds.

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 the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All 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 three 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 daycare program are included here.
- *Component Unit:* This includes the activities of the Galva-Holstein Community School District Foundation. The District receives significant financial benefits from the Foundation although they are legally separate entities.

Fund Financial Statements

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

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

The District has three kinds of funds:

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

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects 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 Funds, one type of proprietary fund, are 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 Daycare Fund.

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

3) *Fiduciary fund:* The District is the trustee, or fiduciary, for assets that belong to others. This fund consists of a Private-Purpose Trust Fund.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position at June 30, 2023 compared to June 30, 2022.

Figure A-1

Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2023	2022	2023	2022	2023	2022	2022-2023
Current and other assets	\$ 12,119,119	\$ 11,219,833	\$ 254,654	\$ 232,415	\$ 12,373,773	\$ 11,452,248	8.05%
Capital assets	<u>14,318,122</u>	<u>14,745,857</u>	<u>68,659</u>	<u>68,999</u>	<u>14,386,781</u>	<u>14,814,856</u>	-2.89%
Total assets	<u>26,437,241</u>	<u>25,965,690</u>	<u>323,313</u>	<u>301,414</u>	<u>26,760,554</u>	<u>26,267,104</u>	1.88%
Deferred outflows of resources	<u>406,001</u>	<u>428,485</u>	<u>24,989</u>	<u>22,160</u>	<u>430,990</u>	<u>450,645</u>	-4.36%
Long-term liabilities	13,098,845	12,561,274	99,606	2,962	13,198,451	12,564,236	5.05%
Other liabilities	<u>350,814</u>	<u>299,726</u>	<u>7,943</u>	<u>14,883</u>	<u>358,757</u>	<u>314,609</u>	14.03%
Total liabilities	<u>13,449,659</u>	<u>12,861,000</u>	<u>107,549</u>	<u>17,845</u>	<u>13,557,208</u>	<u>12,878,845</u>	5.27%
Deferred inflows of resources	<u>4,108,648</u>	<u>5,766,560</u>	<u>12,028</u>	<u>110,539</u>	<u>4,120,676</u>	<u>5,877,099</u>	-29.89%
Net position							
Net investment in capital assets	3,381,297	2,837,878	68,659	68,999	3,449,956	2,906,877	18.68%
Restricted	3,801,405	3,563,316	-	-	3,801,405	3,563,316	6.68%
Unrestricted	<u>2,102,233</u>	<u>1,365,421</u>	<u>160,066</u>	<u>126,191</u>	<u>2,262,299</u>	<u>1,491,612</u>	51.67%
Total net position	<u>\$ 9,284,935</u>	<u>\$ 7,766,615</u>	<u>\$ 228,725</u>	<u>\$ 195,190</u>	<u>\$ 9,513,660</u>	<u>\$ 7,961,805</u>	19.49%

The District's total net position increased by 19%, or \$1,551,855, over the prior year due in large part to the swings in net pension liability and pension related deferred inflows of resources. Also contributing to the net position gain was an increase in total assets of almost \$500,000.

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. The District's restricted net position increased \$238,089 or 7% over the prior year. This was due to increased balances in the PPEL and SAVE funds.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$770,687, or 52%. This increase in unrestricted net position is in part due to an increased unassigned fund balance in the General fund.

Figure A-2 shows the changes in net position for the year ended June 30, 2023 compared to the year ended June 30, 2022.

Figure A-2
Change in Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	2023	2022	2023	2022	2023	2022	2022-2023
Revenues							
Program revenues							
Charges for service and sales	\$ 1,558,907	\$ 1,861,340	\$ 380,813	\$ 246,240	\$ 1,939,720	\$ 2,107,580	-7.96%
Operating grants	1,426,064	1,519,674	285,053	457,830	1,711,117	1,977,504	-13.47%
General revenues							
Property tax	3,636,305	3,225,415	-	-	3,636,305	3,225,415	12.74%
Income surtax	357,621	350,364	-	-	357,621	350,364	2.07%
Statewide sales, services and use tax	645,489	561,627	-	-	645,489	561,627	14.93%
Unrestricted state grants	1,970,626	1,939,886	-	-	1,970,626	1,939,886	1.58%
Contributions and donations	51,026	16,198	-	-	51,026	16,198	215.01%
Unrestricted investment earnings	188,000	20,086	15,330	949	203,330	21,035	866.63%
Other	14,263	81,113	-	-	14,263	81,113	-82.42%
Total revenues	<u>9,848,301</u>	<u>9,575,703</u>	<u>681,196</u>	<u>705,019</u>	<u>10,529,497</u>	<u>10,280,722</u>	2.42%
Program expenses							
Governmental activities							
Instruction	4,710,711	4,722,679	-	-	4,710,711	4,722,679	-0.25%
Support services	2,324,024	2,219,744	-	-	2,324,024	2,219,744	4.70%
Non-instructional programs	1,170	4,379	647,661	589,530	648,831	593,909	9.25%
Other expenses	<u>1,395,974</u>	<u>1,980,584</u>	<u>-</u>	<u>-</u>	<u>1,395,974</u>	<u>1,980,584</u>	-29.52%
Total expenses	<u>8,431,879</u>	<u>8,927,386</u>	<u>647,661</u>	<u>589,530</u>	<u>9,079,540</u>	<u>9,516,916</u>	-4.60%
Change in net position before special item	1,416,422	648,317	33,535	115,489	1,449,957	763,806	89.83%
Special item - gain on disposal of capital assets	<u>101,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,898</u>	<u>-</u>	100.00%
Change in net position	1,518,320	648,317	33,535	115,489	1,551,855	763,806	-103.17%
Net position, beginning of year	<u>7,766,615</u>	<u>7,118,298</u>	<u>195,190</u>	<u>79,701</u>	<u>7,961,805</u>	<u>7,197,999</u>	10.61%
Net position, end of year	<u>\$ 9,284,935</u>	<u>\$ 7,766,615</u>	<u>\$ 228,725</u>	<u>\$ 195,190</u>	<u>\$ 9,513,660</u>	<u>\$ 7,961,805</u>	19.49%

In fiscal year 2023, property tax and unrestricted state grants account for approximately 57% of governmental activities revenues while charges for service and sales and operating grants, account for almost 100% of business type activities revenues. The District's total revenues were \$10,529,497, of which \$9,848,301 was for governmental activities and \$681,196 was for business type activities. The District's expenses primarily relate to instruction and support services, which account for approximately 77% of the total expenses.

As shown in figure A-2, the District as a whole experienced a 2% increase in revenues and a 5% decrease in expenses. The increase in revenues resulted from an increase in land values which in turn generated more dollars in property tax, increase sales tax paid which increased the generated amount in the SAVE fund, an increase in donations to the District, and a large increase in interest earned on investments. The decreased expenditures as a whole is a result of the completed construction project and the decrease in expenditures from prior year on facilities.

Governmental Activities

Revenues for governmental activities were \$9,848,301 and expenses were \$8,431,879 for the year ended June 30, 2023. This is an increase in revenues of 3% and a decrease in expenses of 6%.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2023 compared to those expenses for the year ended June 30, 2022.

Figure A-3

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	<u>2023</u>	<u>2022</u>	<u>Change 2022-2023</u>	<u>2023</u>	<u>2022</u>	<u>Change 2022-2023</u>
Instruction	\$ 4,710,711	\$ 4,722,679	-0.3%	\$ 2,370,351	\$ 1,933,688	22.6%
Support services	2,324,024	2,219,744	4.7%	1,901,777	1,846,878	3.0%
Non-instructional programs	1,170	4,379	-73.3%	1,170	4,379	73.3%
Other expenses	<u>1,395,974</u>	<u>1,980,584</u>	-29.5%	<u>1,173,610</u>	<u>1,761,427</u>	-33.4%
Total expenses	<u>\$ 8,431,879</u>	<u>\$ 8,927,386</u>	-5.6%	<u>\$ 5,446,908</u>	<u>\$ 5,546,372</u>	-1.8%

For the year ended June 30, 2023:

- The cost financed by users of the District's programs was \$1,558,907.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,426,064.
- The net cost of governmental activities was financed with \$4,639,415 of property and other taxes and \$1,970,626 of unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2023 were \$681,196, representing a decrease of approximately 3% from the prior year, while expenses totaled \$647,661, an increase of approximately 10% over the prior year. The decrease in revenues for the lunch fund is seen as a result of the end of the free lunch program for all students which began due to the COVID pandemic. Operating grants for business-type activities decreased by over \$170,000. Continued increases in food prices as well as wage increases required for hard-to-find employees drove expenditures up in both the Daycare and School Nutrition funds.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$7,549,041, significantly above last year's ending fund balances of \$6,986,882.

Governmental Fund Highlights

- The General Fund balance increased from \$3,752,715 in 2022 to \$4,113,673 in 2023. Although revenues were down slightly from fiscal year 2022, the District's expenditures decreased as well allowing an increase to the fund balance from the prior year.
- The Physical Plant and Equipment Levy Fund balance increased by \$124,851 during the year, from \$288,887 in 2022 to \$413,738 in 2023. The balance increased due to shifting of expenditures that would normally be spent from the PPEL fund to the General Fund when the expenditures qualified as an ESSER expense. In addition, the District purchased both a Suburban and a school bus for the transportation department, and typically PPEL funds would be used for the expenditures. But in 2023, the District chose to pay for these items out of the SAVE fund, allowing the PPEL fund balance to increase.
- The Debt Service Fund balance increased by \$3,603, from \$55,094 in 2022 to \$58,697 in 2023. The increase is due to the favorable interest rates given at the District's local bank.

Proprietary Fund Highlights

Proprietary Fund net position increased from \$195,190 at June 30, 2022 to \$228,725 at June 30, 2023 an increase of approximately 17%. The improvement in net position is due to the increase in current assets which is partially attributable to the summer lunch program which increase revenues for the lunch program and also saves food expenditures for the daycare.

BUDGETARY HIGHLIGHTS

Over the course of the year, Galva-Holstein Community School District amended its budget one time to reflect additional expenditures due to additional student support expenses, unexpected building repairs and improvements, and increased food costs.

The District's total revenues were \$760,801 more than total budgeted revenues, a variance of approximately 8%. The District's past practice has been to estimate revenues low, but adding to the variance was the unanticipated favorable interest rates and revenue from other local sources which accounted for almost \$430,000 of the variance.

Total expenditures were \$1,150,178 less than budgeted. When the District amended its original budget, it was still finishing up a construction project and unsure of the timing of some of the final expenditures. In addition, the budgeted expenditures are typically padded in order to meet the requirements of not overspending budget.

In spite of the District's budgetary practice, expenditures in the non-instructional programs functional area exceeded the amended amount budgeted due to timing of expenditures at year-end without sufficient time to additionally amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the District had invested \$14,386,781 net of accumulated depreciation/amortization, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment, transportation equipment and intangible right-to-use leased assets. (See Figure A-4) More detailed information about the District’s capital assets is presented in Note 4 to the financial statements. Depreciation/amortization expense for the year was \$785,617.

The original cost of the District's capital assets was \$25,657,935. Governmental funds account for \$25,471,361, with the remainder of \$186,574 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the right-to-use leased equipment category, which decreased from \$57,411 at June 30, 2022 to \$51,260 at June 30, 2023. This decrease resulted from the shortened term of the District’s copier lease and the amount owed for the length of the lease decreasing.

Figure A-4

Capital Assets, Net of Depreciation/Amortization

	Governmental Activities		Business-Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2023	2022	2023	2022	2023	2022	2022-2023
Land	\$ 304,818	\$ 304,818	\$ -	\$ -	\$ 304,818	\$ 304,818	0.00%
Buildings and improvements	12,083,439	12,568,196	-	-	12,083,439	12,568,196	-3.86%
Improvements, other than buildings	643,777	672,696	-	-	643,777	672,696	-4.30%
Furniture and equipment	1,234,828	1,142,736	68,659	68,999	1,303,487	1,211,735	7.57%
Right-to-use leased equipment	<u>51,260</u>	<u>57,411</u>	<u>-</u>	<u>-</u>	<u>51,260</u>	<u>57,411</u>	-10.71%
Totals	<u>\$14,318,122</u>	<u>\$14,745,857</u>	<u>\$ 68,659</u>	<u>\$68,999</u>	<u>\$14,386,781</u>	<u>\$14,814,856</u>	-2.89%

Long-Term Debt

At June 30, 2023 the District had \$13,198,451 in total long-term debt outstanding. This represents an increase of approximately 5% over last year. (See Figure A-5) Additional information about the District’s long-term debt is presented in Note 5 to the financial statements.

The District bonds are not rated.

The Constitution of the State of Iowa limits the amount of debt school districts can issue to 5% of the assessed value of all taxable property within the District. The District’s outstanding bonded and note indebtedness is significantly below its constitutional debt limit of approximately \$14 million.

Figure A-5

Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	<u>2023</u>	<u>2022</u>	<u>2022-2023</u>
Governmental activities			
Revenue bonds	\$ 1,285,000	\$ 1,450,000	-11.38%
General obligation bonds	9,610,000	10,400,000	-7.60%
Lease agreements	41,825	57,979	-27.86%
Bond premium	335,869	359,957	-6.69%
Termination benefits	41,400	82,800	-50.00%
Compensated absences	26,545	10,174	160.91%
Net pension liability	1,618,324	57,291	2724.74%
Net OPEB liability	<u>139,882</u>	<u>143,073</u>	-2.23%
	13,098,845	12,561,274	4.28%
Business type activities			
Net pension liability	<u>99,606</u>	<u>2,962</u>	3262.80%
Total	<u>\$ 13,198,451</u>	<u>\$12,564,236</u>	5.05%

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 could significantly affect its financial health in the future:

- School finance is highly dependent upon student enrollment. Galva-Holstein continues to show a slight decrease in enrollment requiring sound financial decisions to ensure its viability.
- The District is in a one-year 4% negotiated agreement with the teaching staff. Due to inflation and teacher shortages, higher salaries continue to be needed in order to attract new staff and retain current staff members.
- With the completion of the addition to the Holstein site, other building projects being explored include updates in the high school, possible weight room and wrestling room renovation and a large fencing project. In addition, upkeep of older boilers and HVAC systems will be a focus, as well as keeping the transportation fleet in good repair and rotation.
- The District will begin its 13th year (23-24) of a whole grade sharing agreement involving grades 7-12 with the Schaller-Crestland Community School District. We will also continue the operating sharing arrangements we have in place which have been a great help for the financial viability of the District.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Natalie Kliegl, District Secretary/Treasurer and Business Manager, Galva-Holstein Community School District, 519 East Maple Street, Holstein, IA 51025.

Basic Financial Statements

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

Exhibit A

	Governmental Activities	Business Type Activities	Total	Component Unit Foundation
Assets				
Cash, cash equivalents and pooled investments	\$ 7,405,160	\$ 229,354	\$ 7,634,514	\$507,554
Receivables				
Property tax				
Delinquent	31,054	-	31,054	-
Succeeding year	3,913,204	-	3,913,204	-
Accounts receivable	151,620	1,649	153,269	-
Income surtax	350,284	-	350,284	-
Due from other governments	267,797	10,558	278,355	-
Inventories	-	13,093	13,093	-
Capital assets not being depreciated	304,818	-	304,818	-
Capital assets, net of accumulated depreciation/amortization	14,013,304	68,659	14,081,963	-
Total assets	26,437,241	323,313	26,760,554	507,554
Deferred Outflows of Resources				
Pension related deferred outflows	406,001	24,989	430,990	-
Liabilities				
Accounts payable	306,590	5,462	312,052	-
Accrued interest payable	44,224	-	44,224	-
Unearned revenue	-	2,481	2,481	-
Long-term liabilities				
Portion due within one year				
Lease agreements	16,480	-	16,480	-
General obligation bonds payable	680,000	-	680,000	-
Revenue bonds payable	170,000	-	170,000	-
Unamortized bond premium	24,088	-	24,088	-
Termination benefits payable	41,400	-	41,400	-
Total OPEB liability	8,967	-	8,967	-
Portion due after one year				
Lease agreements	25,345	-	25,345	-
General obligation bonds payable	8,930,000	-	8,930,000	-
Revenue bonds payable	1,115,000	-	1,115,000	-

See notes to Financial Statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

Exhibit A

	Governmental Activities	Business Type Activities	Total	Component Unit Foundation
Liabilities (continued)				
Long-term liabilities (continued)				
Portion due after one year (continued)				
Unamortized bond premium	\$ 311,781	\$ -	\$ 311,781	\$ -
Termination benefits payable	-	-	-	-
Compensated absences payable	26,545	-	26,545	-
Net pension liability	1,618,324	99,606	1,717,930	-
Total OPEB liability	130,915	-	130,915	-
Total liabilities	13,449,659	107,549	13,557,208	-
Deferred Inflows of Resources				
Unavailable property tax revenue	3,913,204	-	3,913,204	-
Pension related deferred inflows	195,444	12,028	207,472	-
Total deferred inflows of resources	4,108,648	12,028	4,120,676	-
Net Position				
Net investment in capital assets	3,381,297	68,659	3,449,956	-
Restricted for				
Categorical funding	290,992	-	290,992	-
Management levy purposes	884,806	-	884,806	-
Physical plant and equipment	588,880	-	588,880	-
Student activities	85,160	-	85,160	-
School infrastructure	1,951,567	-	1,951,567	-
Assigned for scholarships	-	-	-	507,554
Unrestricted	2,102,233	160,066	2,262,299	-
Total net position	\$ 9,284,935	\$ 228,725	\$ 9,513,660	\$ 507,554

See notes to Financial Statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT

Exhibit B

Statement of Activities

For the Year Ended June 30, 2023

Functions/Programs	Program Revenues			Capital Grants, Contributions and Restricted Interest		Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total	Primary Government	
Governmental activities									
Instruction									
Regular instruction	\$ 2,806,389	\$ 744,735	\$ 943,177	\$ -	\$ (1,118,477)	-	\$ (1,118,477)	-	\$ (1,118,477)
Special instruction	866,459	300,063	126,719	-	(439,677)	-	(439,677)	-	(439,677)
Other instruction	1,037,863	216,121	9,545	-	(812,197)	-	(812,197)	-	(812,197)
	4,710,711	1,260,919	1,079,441	-	(2,370,351)	-	(2,370,351)	-	(2,370,351)
Support services									
Student	210,962	53,571	-	-	(157,391)	-	(157,391)	-	(157,391)
Instructional staff	148,354	-	-	-	(148,354)	-	(148,354)	-	(148,354)
Administration	794,189	152,730	-	-	(641,459)	-	(641,459)	-	(641,459)
Operation and maintenance of plant	837,427	12,193	-	-	(825,234)	-	(825,234)	-	(825,234)
Transportation	333,092	79,494	124,259	-	(129,339)	-	(129,339)	-	(129,339)
	2,324,024	297,988	124,259	-	(1,901,777)	-	(1,901,777)	-	(1,901,777)
Non-instructional programs	1,170	-	-	-	(1,170)	-	(1,170)	-	(1,170)
Other expenses									
Facilities acquisition	305,477	-	-	-	(305,477)	-	(305,477)	-	(305,477)
Long-term debt interest and administration costs	308,850	-	-	-	(308,850)	-	(308,850)	-	(308,850)
AEA flowthrough	222,364	-	222,364	-	-	-	-	-	-
Depreciation/amortization (unallocated) *	559,283	-	-	-	(559,283)	-	(559,283)	-	(559,283)
	1,395,974	-	222,364	-	(1,173,610)	-	(1,173,610)	-	(1,173,610)
Total governmental activities	8,431,879	1,558,907	1,426,064	-	(5,446,908)	-	(5,446,908)	-	(5,446,908)

* This amount excludes the depreciation/amortization included in the direct expenses of the various programs.

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT

Exhibit B

Statement of Activities

For the Year Ended June 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Component Unit
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Primary Government	
<u>Functions/Programs (continued)</u>						
Business type activities						
Non-instructional programs						
Food service operations	\$ 383,462	\$ 151,164	\$ 226,975	\$ -	\$ (5,323)	\$ (5,323)
Daycare program	264,199	229,649	58,078	-	23,528	23,528
Total business type activities	<u>647,661</u>	<u>380,813</u>	<u>285,053</u>	-	<u>18,205</u>	<u>18,205</u>
Total primary government	<u>\$ 9,079,540</u>	<u>\$ 1,939,720</u>	<u>\$ 1,711,117</u>	<u>\$ -</u>	<u>18,205</u>	<u>(5,428,703)</u>
Component Unit						
Foundation						<u>\$103,320</u>
<u>General Revenues</u>						
Property tax levied for						
General purposes						2,395,496
Debt service						1,099,010
Capital outlay						141,799
Income surtax						357,621
Statewide sales, services and use tax						645,489
Unrestricted state grants						1,970,626
Contributions and donations						51,026
Unrestricted investment earnings						188,000
Other						14,263
Special item - gain on disposal of fixed assets						101,898
Total general revenues						<u>6,965,228</u>
Change in net position						1,518,320
Net position beginning of year						7,766,615
Net position end of year						<u>\$ 9,284,935</u>
						<u>\$ 228,725</u>
						<u>\$ 9,513,660</u>
						<u>6,980,558</u>
						<u>15,330</u>
						<u>51,026</u>
						<u>203,330</u>
						<u>14,263</u>
						<u>101,898</u>
						<u>171,935</u>
						<u>1,582</u>
						<u>-</u>
						<u>173,517</u>
						<u>70,197</u>
						<u>437,357</u>
						<u>\$507,554</u>

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2023

Exhibit C

	<u>General</u>	<u>Capital Projects Physical Plant and Equipment Levy</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets					
Cash, cash equivalents and pooled investments	\$ 4,014,883	\$ 412,609	\$ 50,362	\$ 2,927,306	\$ 7,405,160
Receivables					
Property tax					
Delinquent	19,625	1,129	8,935	1,365	31,054
Succeeding year	2,347,396	394,462	962,346	209,000	3,913,204
Accounts receivable	149,340	-	-	2,280	151,620
Income surtax	175,142	175,142	-	-	350,284
Due from other governments	222,304	-	-	45,493	267,797
Total assets	<u>\$ 6,928,690</u>	<u>\$ 983,342</u>	<u>\$ 1,021,643</u>	<u>\$ 3,185,444</u>	<u>\$ 12,119,119</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 292,479	\$ -	\$ 600	\$ 13,511	\$ 306,590
Deferred inflows of resources					
Unavailable revenues					
Succeeding year property tax	2,347,396	394,462	962,346	209,000	3,913,204
Income surtax	175,142	175,142	-	-	350,284
Total deferred inflows of resources	<u>2,522,538</u>	<u>569,604</u>	<u>962,346</u>	<u>209,000</u>	<u>4,263,488</u>
Fund balances					
Restricted for:					
Categorical funding	290,992	-	-	-	290,992
Debt service	-	-	58,697	-	58,697
Management levy purposes	-	-	-	926,206	926,206
Student activities	-	-	-	85,160	85,160
School infrastructure	-	-	-	1,951,567	1,951,567
Physical plant and equipment	-	413,738	-	-	413,738
Unassigned	<u>3,822,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,822,681</u>
Total fund balances	<u>4,113,673</u>	<u>413,738</u>	<u>58,697</u>	<u>2,962,933</u>	<u>7,549,041</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,928,690</u>	<u>\$ 983,342</u>	<u>\$ 1,021,643</u>	<u>\$ 3,185,444</u>	<u>\$ 12,119,119</u>

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 June 30, 2023

Exhibit D

Total fund balances of governmental funds	\$ 7,549,041
 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.	14,318,122
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.	350,284
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.	(44,224)
Pension 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	\$ 406,001
Deferred inflows of resources	<u>(195,444)</u>
	210,557
Long-term liabilities, including lease agreements payable, bonds payable, termination benefits, other postemployment benefits payable and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(13,098,845)</u>
 Net position of governmental activities	 <u>\$ 9,284,935</u>

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

Exhibit E

	General	Capital Projects Physical Plant and Equipment Levy	Debt Service	Nonmajor Governmental Funds	Total
Revenues					
Local sources					
Local tax	\$ 2,415,780	\$ 317,578	\$ 1,098,789	\$ 155,003	\$ 3,987,150
Tuition	1,017,939	-	-	-	1,017,939
Other	500,368	3,953	4,039	285,897	794,257
State sources	2,996,742	28	221	645,523	3,642,514
Federal sources	408,833	-	-	-	408,833
Total revenues	<u>7,339,662</u>	<u>321,559</u>	<u>1,103,049</u>	<u>1,086,423</u>	<u>9,850,693</u>
Expenditures					
Current					
Instruction					
Regular	3,000,382	20,430	-	6,284	3,027,096
Special	915,007	-	-	-	915,007
Other	830,790	-	-	255,505	1,086,295
	<u>4,746,179</u>	<u>20,430</u>	<u>-</u>	<u>261,789</u>	<u>5,028,398</u>
Support services					
Student	210,462	2,700	-	-	213,162
Instructional staff	93,403	58,400	-	-	151,803
Administration	774,797	26,394	-	27,213	828,404
Operation and maintenance of plant	513,338	-	-	324,568	837,906
Transportation	416,880	-	-	33,313	450,193
	<u>2,008,880</u>	<u>87,494</u>	<u>-</u>	<u>385,094</u>	<u>2,481,468</u>
Non-instructional programs					
	<u>1,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,281</u>
Other expenditures					
Facilities acquisition	-	185,748	-	157,923	343,671
Long-term debt					
Principal	-	-	955,000	-	955,000
Interest and fiscal charges	-	-	353,316	-	353,316
AEA flowthrough	222,364	-	-	-	222,364
	<u>222,364</u>	<u>185,748</u>	<u>1,308,316</u>	<u>157,923</u>	<u>1,874,351</u>
Total expenditures	<u>6,978,704</u>	<u>293,672</u>	<u>1,308,316</u>	<u>804,806</u>	<u>9,385,498</u>
Excess (deficiency) of revenues over (under) expenditures	<u>360,958</u>	<u>27,887</u>	<u>(205,267)</u>	<u>281,617</u>	<u>465,195</u>
Other financing sources (uses)					
Proceeds from disposal of real property	-	96,964	-	-	96,964
Transfers in	-	-	208,870	-	208,870
Transfers in (out)	-	-	-	(208,870)	(208,870)
Total other financing sources (uses)	<u>-</u>	<u>96,964</u>	<u>208,870</u>	<u>(208,870)</u>	<u>96,964</u>
Change in fund balances	360,958	124,851	3,603	72,747	562,159
Fund balance, beginning of year	3,752,715	288,887	55,094	2,890,186	6,986,882
Fund balance, end of year	<u>\$ 4,113,673</u>	<u>\$ 413,738</u>	<u>\$ 58,697</u>	<u>\$ 2,962,933</u>	<u>\$ 7,549,041</u>

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances - Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2023

Exhibit F

Change in fund balances - total governmental funds \$ 562,159

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

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

Expenditures for capital assets	\$ 345,033	
Gain on disposal of capital assets	4,934	
Depreciation/amortization expense	<u>(777,702)</u>	(427,735)

Because some revenues will not be collected for several months after the year end, they are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds. (2,392)

Amortization of the premium on bond issuance did not provide current financial resources and, therefore, is not reported as revenue in the governmental funds. However, the annual amortization is reported as revenue in the Statement of Activities. 24,088

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments were as follows:
 Repaid 971,154

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

Compensated absences	(16,371)	
Termination benefits	41,400	
Pension expense	5,226	
Other postemployment benefits	<u>3,191</u>	33,446

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. 4,224

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. 353,376

Change in net position of governmental activities \$ 1,518,320

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2023

Exhibit G

	<u>Nonmajor Enterprise Funds</u>
Assets	
Current assets	
Cash, cash equivalents	\$229,354
Accounts receivable	1,649
Due from other governments	10,558
Inventories	<u>13,093</u>
Total current assets	254,654
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>68,659</u>
Total assets	<u>323,313</u>
 Deferred Outflows of Resources	
Pension related deferred outflows	<u>24,989</u>
 Liabilities	
Current liabilities	
Accounts payable	5,462
Unearned revenue	<u>2,481</u>
Total current liabilities	7,943
Noncurrent liabilities	
Net pension liability	<u>99,606</u>
Total liabilities	<u>107,549</u>
 Deferred Inflows of Resources	
Pension related deferred inflows	<u>12,028</u>
 Net Position	
Investment in capital assets	68,659
Unrestricted	<u>160,066</u>
Total net position	<u><u>\$228,725</u></u>

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

Exhibit H

	Nonmajor Enterprise Funds
Operating revenue	
Local sources	
Charges for service	<u>\$380,813</u>
Operating expenses	
Non-instructional programs	
Food service operations	
Salaries	98,939
Benefits	13,409
Purchased services	2,951
Supplies	259,773
Miscellaneous	475
Depreciation	<u>7,915</u>
	<u>383,462</u>
Daycare program	
Salaries	206,293
Benefits	25,917
Purchased services	25,712
Supplies	6,008
Miscellaneous	<u>269</u>
	<u>264,199</u>
Total operating expenses	<u>647,661</u>
Operating (loss)	<u>(266,848)</u>
Non-operating revenue	
Interest income	15,330
State sources	2,099
Federal sources	<u>282,954</u>
Total non-operating revenue	<u>300,383</u>
Change in net position	33,535
Net position beginning of year	<u>195,190</u>
Net position end of year	<u><u>\$228,725</u></u>

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

Exhibit I

	Nonmajor Enterprise Funds
Cash flows from operating activities	
Cash received from sale of services	\$ 374,006
Cash payments to employees for services	(349,254)
Cash payments to suppliers for goods and services	<u>(272,666)</u>
Net cash (used in) operating activities	<u>(247,914)</u>
Cash flows from non-capital financing activities	
State grants received	2,099
Federal grants received	<u>264,363</u>
Net cash provided by non-capital financing activities	<u>266,462</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	<u>(7,576)</u>
Cash flows from investing activities	
Interest on investments	<u>15,330</u>
Net increase in cash and cash equivalents	26,302
Cash and cash equivalents, beginning of year	<u>203,052</u>
Cash and cash equivalents, end of year	<u><u>\$ 229,354</u></u>
Reconciliation of operating (loss) to net cash (used in) operating activities	
Operating (loss)	\$(266,848)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities	
Depreciation	7,915
Commodities used	22,460
Change in assets and liabilities:	
Accounts receivable	(1,649)
Inventories	1,843
Deferred outflows of resources	(2,828)
Accounts payable	(1,782)
Unearned revenue	(5,158)
Net pension liability	96,644
Deferred inflows of resources	<u>(98,511)</u>
Net cash (used in) operating activities	<u><u>\$(247,914)</u></u>

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2023, the District received \$22,460 of federal commodities.

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2023

Exhibit J

	<u>Private Purpose Trust</u> <u>Scholarships</u>
Assets	
Cash, cash equivalents and pooled investments	<u>\$ 27,703</u>
Net position	
Restricted for scholarships	<u>\$ 27,703</u>

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2023

Exhibit K

	Private Purpose Trust <hr/> Scholarships
Additions	
Local sources	
Interest	\$ 362
Deductions	<u> -</u>
Change in net position	362
Net position beginning of year	<u>27,341</u>
Net position end of year	<u><u>\$ 27,703</u></u>

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2023

Note 1. Summary of Significant Accounting Policies

Galva-Holstein Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Galva and Holstein, Iowa and the predominate agricultural territories in a portion of Ida, Cherokee, Buena Vista and Sac Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Galva-Holstein 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. Galva-Holstein Community School District has one component unit which meets the Governmental Accounting Standards Board criteria. The Galva-Holstein Community School District Foundation is included in the financial statements as a discretely presented component unit, because of the nature and significance of its relationship with the Galva-Holstein Community School District.

Discretely Presented Component Unit

The Galva-Holstein Community School District Foundation was established to maintain, develop, increase and extend the facilities and services of the Galva-Holstein Community School District, and to provide broader educational service opportunities to its students, staff, faculty and the residents of the geographical area which it serves. The Foundation has a December 31 year-end. The Foundation does not produce separately prepared financial statements. 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 Governmental Fund in these financial statements. The Foundation financial statements are shown in the Statement of Net Position and the Statement of Activities in separate columns. As explained in the Independent Auditor's opinion, the Foundation financial statements have not been 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 County Assessor's Conference Board.

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

The Capital Projects - Physical Plant and Equipment Levy Fund is used to account for all resources from the regular and voter-approved levy used for major expenditures related to real property and equipment.

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

The District reports no major proprietary funds; however, it reports two nonmajor proprietary funds. The District's School Nutrition Fund is used to account for the food service operations of the District and the Daycare Fund is used to account for the daycare operations of the District.

The District also reports a fiduciary fund which focuses on net position and changes in net position. The District's fiduciary fund consists of the following:

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

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims, judgments and early retirement are

recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund 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.

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal

year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2022.

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

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 intangible right-to-use leased assets 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 leased assets, the measurement of which is discussed under “Leases” below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 500
Buildings	\$30,000
Improvements other than buildings	\$30,000
Right-to-use leased assets	\$ 5,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 1,000

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

<u>Asset Class</u>	<u>Useful Life</u>
Buildings	50 years
Improvements to buildings	5-20 years
Right-to-use leased assets	2-15 years
Furniture and equipment	5-10 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

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

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

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

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

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the District is reasonably certain to exercise.

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

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

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension 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.

Compensated Absences - Certain 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 the governmental fund financial statements only for employees who have resigned or retired. The compensated absence liability has been computed based on rates of pay in effect at June 30, 2023. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Termination Benefits - District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on the District's early retirement policy. The early retirement liability attributable to the governmental activities will be paid primarily from the Management Fund.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches.

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

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

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

consist of property tax receivable and income surtax 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.

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

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.

Unassigned - All amounts not included in the preceding classification.

Net Position - In the district-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Net position restricted through enabling legislation includes \$588,880 for physical plant and equipment, \$85,160 for student activities, \$1,951,567 for school infrastructure and \$884,806 for management levy purposes.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2023, expenditures exceeded the amount budgeted in the Non-instructional Programs function.

F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2023 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2023, the District had investments in the Iowa Schools Joint Investment Diversified Portfolio which are valued at an amortized cost of \$976,403. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

Credit Risk. This is the risk that a security's credit rating will be downgraded or that the issuer of a security or a guarantor will default (fail to make scheduled interest and principal payments or fail to fulfill its promise to repurchase securities). The investments in the ISJIT were rated AAAM by Standard & Poor's Financial Services. The District places no limit on the amount that may be invested in any one issuer.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72

Component Unit Investments - The Foundation had investments in mutual funds as follows:

Mutual funds \$507,554

Note 3. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Major Governmental Debt Service	Nonmajor Capital Projects Statewide Sales, Service and Use Tax	\$ 208,870

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfer from the Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was for principal and interest payments on debt.

Note 4. Capital Assets

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

<u>Governmental activities</u>	Balance, Beginning of Year	Increases	Decreases	Balance, End of Year
Capital assets not being depreciated/amortized:				
Land	\$ 304,818	\$ -	\$ -	\$ 304,818
Capital assets being depreciated/amortized:				
Buildings and improvements	18,199,953	22,680	-	18,222,633
Improvements other than buildings	1,464,612	13,668	-	1,478,280
Furniture and equipment	5,145,019	308,685	(61,887)	5,391,817
Right-to-use leased equipment	<u>73,813</u>	<u>-</u>	<u>-</u>	<u>73,813</u>
Total capital assets being depreciated/amortized	<u>24,883,397</u>	<u>345,033</u>	<u>(61,887)</u>	<u>25,166,543</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	5,631,757	510,642	(3,205)	6,139,194
Improvements other than buildings	791,916	42,587	-	834,503
Furniture and equipment	4,002,283	218,322	(63,616)	4,156,989
Right-to-use leased equipment	<u>16,402</u>	<u>6,151</u>	<u>-</u>	<u>22,553</u>
Total accumulated depreciation/amortization	<u>10,442,358</u>	<u>777,702</u>	<u>(66,821)</u>	<u>11,153,239</u>
Total capital assets being depreciated/amortized, net	<u>14,441,039</u>	<u>(432,669)</u>	<u>4,934</u>	<u>14,013,304</u>
Governmental activities capital assets, net	<u>\$14,745,857</u>	<u>\$(432,669)</u>	<u>\$ 4,934</u>	<u>\$14,318,122</u>
<u>Business type activities</u>				
Furniture and equipment	\$ 193,114	\$ 7,575	\$(14,115)	\$ 186,574
Less accumulated depreciation	<u>124,115</u>	<u>7,915</u>	<u>(14,115)</u>	<u>117,915</u>
Business type activities capital assets, net	<u>\$ 68,999</u>	<u>\$ (340)</u>	<u>\$ -</u>	<u>\$ 68,659</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities

Instruction	
Regular	\$ 101,435
Other	26,062
Support services	
Student support	6,148
Administration	456
Operation and maintenance of plant	12,967
Transportation	<u>71,351</u>
	218,419
Unallocated	<u>559,283</u>
Total governmental activities depreciation/amortization expense	<u>\$ 777,702</u>

Business type activities

Food services	<u>\$ 7,915</u>
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Note 5. Long-term Liabilities

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

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
Governmental activities					
Lease agreements	\$ 57,979		\$ 16,154	41,825	16,480
Revenue bonds	1,450,000	-	165,000	1,285,000	170,000
General obligation bonds	10,400,000	-	790,000	9,610,000	680,000
Bond premium	359,957		24,088	335,869	24,088
Termination benefits	82,800	-	41,400	41,400	41,400
Compensated absences	10,174	29,133	12,762	26,545	-
Net pension liability	57,291	1,561,033	-	1,618,324	-
OPEB liability	<u>143,073</u>	<u>-</u>	<u>3,191</u>	<u>139,882</u>	<u>8,967</u>
Totals	<u>\$ 12,561,274</u>	<u>\$ 1,590,166</u>	<u>\$ 1,052,595</u>	<u>\$ 13,098,845</u>	<u>\$ 940,935</u>
Business type activities					
Net pension liability	<u>\$ 2,962</u>	<u>\$ 96,644</u>	<u>\$ -</u>	<u>\$ 99,606</u>	<u>\$ -</u>

Interest costs incurred and charged to expense on all long-term debt was \$308,850 for the year ended June 30, 2023. During the year ended June 30, 2023, the District made principal payments on total long-term debt of \$971,154.

Lease Agreements - On March 9, 2021, the District entered into a lease agreement for copiers. An initial lease liability was recorded in the amount of \$73,813. The agreement requires monthly payments of \$1,430 over 5 years with an implicit interest rate of 2.00% and final payment due April 1, 2026. During the year ended June 30, 2023, principal and interest paid were \$16,154 and \$1,011, respectively.

Year Ending June 30,	Copier Lease			
	Interest Rates	Principal	Interest	Total
2024	2.00%	\$ 16,480	\$ 685	\$ 17,165
2025	2.00%	16,811	354	17,165
2026	2.00%	<u>8,534</u>	<u>49</u>	<u>8,583</u>
Totals		<u>\$ 41,825</u>	<u>\$ 1,088</u>	<u>\$ 42,913</u>

Termination Benefits

The District offered a voluntary early retirement plan to its full-time employees during fiscal year 2021. Eligible employees must have completed at least twenty years of continuous full-time contracted service to the Galva-Holstein Community School District and must have reached the age of fifty-five on or before June 30 of the calendar year in which early retirement commences. The application for early retirement benefits is subject to approval by the Board of Education.

Under the plan certified staff retirees are eligible to continue participation in the District's group insurance plan by meeting the requirements of the insurer. The District will pay no more than \$25,000 per year for three years towards the cost of the family insurance. The insurance coverage shall cease when the retiree reaches the age for Medicare eligibility, secures other employment in which the employer provides insurance coverage, or dies.

At June 30, 2022, the District had three retirees receiving benefits and reported \$41,400 of termination benefit liabilities. There were \$41,400 of early retirement expenditures for the year ended June 30, 2023 paid from the Management Fund.

Revenue Bonds

Details of the District's June 30, 2023 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond issue of August 2013			
	Interest Rates	Principal	Interest	Total
2024	2.80%	\$ 170,000	\$ 39,345	\$ 209,345
2025	2.95%	175,000	34,384	209,384
2026	3.20%	180,000	28,922	208,922
2027	3.30%	185,000	22,990	207,990
2028	3.40%	190,000	16,707	206,707
2029-2030	3.45-3.55%	<u>385,000</u>	<u>13,662</u>	<u>398,662</u>
Totals		<u>\$ 1,285,000</u>	<u>\$ 156,010</u>	<u>\$ 1,441,010</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,590,000 bonds issued August 2013. The bonds were issued for the purpose of financing a portion of the costs of a new school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 45% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$1,441,010 at June 30, 2023. For the current year, \$165,000 of principal and \$43,870 of interest was paid on the bonds. Total statewide sales, services and use tax revenues were \$645,489 for the year ended June 30, 2023.

General Obligation Bonds

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

Year Ending	Bond issue of July 1, 2019				Year Ending	Bond issue of December 1, 2020			
	Interest Rates	Principal	Interest	Total		Interest Rates	Principal	Interest	Total
June 30,					June 30,				
2024	5.00%	\$ 420,000	\$ 251,300	\$ 671,300	2024	2.00%	\$ 260,000	\$ 29,045	\$ 289,045
2025	5.00%	445,000	230,300	675,300	2025	2.00%	260,000	23,845	283,845
2026	3.00%	465,000	208,050	673,050	2026	2.00%	270,000	18,645	288,645
2027	3.00%	500,000	194,100	694,100	2027	1.00%	250,000	13,245	263,245
2028	3.00%	510,000	179,100	689,100	2028	1.00%	260,000	10,745	270,745
2029-2033	3.00%	2,790,000	656,850	3,446,850	2029-2033	1.0-1.45%	545,000	28,220	573,220
2034-2037	3.00%	<u>2,535,000</u>	<u>206,400</u>	<u>2,741,400</u>	2034	1.55%	<u>100,000</u>	<u>1,550</u>	<u>101,550</u>
Totals		<u>\$ 7,665,000</u>	<u>\$ 1,926,100</u>	<u>\$ 9,591,100</u>	Totals		<u>\$ 1,945,000</u>	<u>\$ 125,295</u>	<u>\$ 2,070,295</u>

Year Ending	Total		
	Principal	Interest	Total
June 30,			
2024	\$ 680,000	\$ 280,345	\$ 960,345
2025	705,000	254,145	959,145
2026	735,000	226,695	961,695
2027	750,000	207,345	957,345
2028	770,000	189,845	959,845
2029-2033	3,335,000	685,070	4,020,070
2034-2037	<u>2,635,000</u>	<u>207,950</u>	<u>2,842,950</u>
Totals	<u>\$ 9,610,000</u>	<u>\$ 2,051,395</u>	<u>\$ 11,661,395</u>

On July 1, 2019, the District issued \$9,565,000 of general obligation bonds for the addition of industrial tech/ag education and automotive classrooms, a competitive gym and a daycare area. The bonds bear interest at rates ranging from 3.0-5.0% per annum. During the year ended June 30, 2023, principal and interest paid were \$530,000 and \$271,050, respectively.

On December 1, 2020, the District issued \$2,720,000 of general obligation bonds to complete an addition to the elementary/high school building. The bonds bear interest at rates ranging from 1.55-2.0% per annum. During the year ended June 30, 2023, principal and interest paid were \$260,000 and \$34,245, respectively.

Note 6. Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial

report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

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

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

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

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

percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

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

The District's contributions to IPERS for the year ended June 30, 2023 totaled \$353,376.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the District reported a liability of \$1,717,930 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the District's proportion was 0.043283%, which was an increase of 0.000304% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$358,602. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 76,156	\$ 23,532
Changes of assumptions	1,458	41
Net difference between projected and actual earnings on IPERS' investments	-	183,899
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	-	-
District contributions subsequent to the measurement date	<u>353,376</u>	<u>-</u>
Total	<u>\$430,990</u>	<u>\$ 207,472</u>

\$353,376 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	\$ (162,294)
2025	(122,541)
2026	(217,984)
2027	380,910
2028	<u>(7,949)</u>
Total	<u>\$ (129,858)</u>

There were no non-employer contributing entities to IPERS.

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

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

The actuarial assumptions used in the June 30, 2022 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 2022 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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	22.0 %	3.57 %
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77

Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	<u>8.0</u>	3.63
Total	100.0 %	

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

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

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
District's proportionate share of the net pension liability	\$3,200,716	\$1,717,930	\$411,194

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

Payables to IPERS - At June 30, 2023, the District reported no payables to IPERS for legally required District contributions or for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

Note 7. Other Postemployment Benefits (OPEB)

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

OPEB Benefits - Individuals who are employed by Galva-Holstein 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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>43</u>
Total	<u>46</u>

Total OPEB Liability - The District's total OPEB liability of \$139,882 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

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

Rate of inflation (effective June 30, 2023)	2.75% per annum.
Rates of salary increase (effective June 30, 2023)	0% OPEB directly determined by years of service, not salary.
Discount rate (effective June 30, 2023)	2.37% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2023)	6.0% per annum.

Discount Rate - The discount rate used to measure the total OPEB liability was 2.37% 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 RPH-2014 tables. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	<u>\$ 143,073</u>
Changes for the year:	
Service cost	10,716
Interest	4,000
Recognition of deferred inflows/outflows	(8,940)
Changes in assumptions	-
Demographic changes	-
Benefit payments	<u>(8,967)</u>
Net changes	<u>(3,191)</u>
Total OPEB liability end of year	<u>\$ 139,882</u>

Changes of assumptions reflect no change in the discount rate from 2.37% in fiscal year 2022.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.37%) or 1% higher (3.37%) than the current discount rate.

	1% Decrease (1.37%)	Discount Rate (2.37%)	1% Increase (3.37%)
Total OPEB liability	\$152,442	\$139,882	\$130,045

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 were calculated using healthcare cost trend rates that are 1% lower (5.0%) or 1% higher (7.0%) than the current healthcare cost trend rates.

	1% Decrease (5.0%)	Healthcare Cost Trend Rate (6.0%)	1% Increase (7.0%)
Total OPEB liability	\$124,359	\$139,882	\$160,217

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2023, the District recognized OPEB benefit of \$3,191. At June 30, 2023 the District reported no deferred inflows or outflows of resources related to OPEB.

Note 8. Risk Management

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

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 \$222,364 for the year ended June 30, 2023 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to

noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

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 following is a schedule of the categorical funding restricted in the General Fund at June 30, 2023.

<u>Program</u>	<u>Amount</u>
Gifted and talented	\$ 68,172
Teacher leadership	40,273
Preschool fund balance	112,498
Teacher salary supplement	58,863
Educator quality, professional development	<u>11,186</u>
	<u>\$ 290,992</u>

Note 12. Deficit Net Position

The District’s Enterprise Fund - Daycare Fund had negative unrestricted net position and total net position of \$3,193 at June 30, 2023.

Note 13. 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

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

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
Ida County	Economic development projects	\$36,526
City of Holstein	Economic development projects	\$26,723

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2023, this reimbursement amounted to \$18,382.

Note 14. Subsequent Events

The District has evaluated subsequent events through January 15, 2024 which is the date that the financial statements were available to be issued.

Required Supplementary Information

GALVA-HOLSTEIN 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
 For the Year Ended June 30, 2023

	Governmental Funds		Proprietary Funds		Total Actual	Budgeted Amounts		Final to Actual Variance
	Actual		Actual			Original	Final	
Revenues								
Local sources	\$ 5,799,346		\$ 396,143		\$ 6,195,489	\$ 5,648,027	\$ 5,648,027	\$ 547,462
State sources	3,642,514		2,099		3,644,613	3,528,061	3,528,061	116,552
Federal sources	408,833		282,954		691,787	595,000	595,000	96,787
Total revenues	<u>9,850,693</u>		<u>681,196</u>		<u>10,531,889</u>	<u>9,771,088</u>	<u>9,771,088</u>	<u>760,801</u>
Expenditures/Expenses								
Instruction	5,028,398		-		5,028,398	4,993,600	5,113,600	85,202
Support services	2,481,468		-		2,481,468	2,789,000	2,879,000	397,532
Non-instructional programs	1,281		647,661		648,942	500,000	640,000	(8,942)
Other expenditures	1,874,351		-		1,874,351	1,960,867	2,550,737	676,386
Total expenditures/expenses	<u>9,385,498</u>		<u>647,661</u>		<u>10,033,159</u>	<u>10,243,467</u>	<u>11,183,337</u>	<u>1,150,178</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	465,195		33,535		498,730	(472,379)	(1,412,249)	1,910,979
Net other financing sources	<u>96,964</u>		-		<u>96,964</u>	-	-	<u>96,964</u>
Change in fund balance	562,159		33,535		595,694	(472,379)	(1,412,249)	2,007,943
Balance, beginning of year	6,986,882		195,190		7,182,072	5,458,739	2,367,742	4,814,330
Balance, end of year	<u>\$ 7,549,041</u>		<u>\$ 228,725</u>		<u>\$ 7,777,766</u>	<u>\$ 4,986,360</u>	<u>\$ 955,493</u>	<u>\$ 6,822,273</u>

See accompanying Independent Auditor's Report.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2023

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 Private Purpose Trust Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$939,870.

During the year ended June 30, 2023, expenditures in the non-instructional programs function exceeded the amount budgeted.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Iowa Public Employees' Retirement System
 For the Last Nine Years*
 Required Supplementary Information

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.043283%	0.042979%	0.042652%	0.043013%	0.043181%	0.042941%	0.043356%	0.041603%	0.042355%
District's proportionate share of the net pension liability	\$1,717,930	\$ 60,253	\$2,975,319	\$2,507,466	\$2,731,713	\$2,834,810	\$2,703,749	\$2,068,196	\$1,679,882
District's covered payroll	\$3,662,176	\$3,489,206	\$3,361,371	\$3,291,013	\$3,235,025	\$3,149,853	\$3,065,722	\$2,864,991	\$2,771,733
District's proportionate share of the net pension liability as a percentage of its covered payroll	46.91%	1.73%	88.52%	76.19%	84.44%	90.00%	88.19%	72.19%	60.61%
IPERS' net position as a percentage of the total pension liability	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Schedule of District Contributions
Iowa Public Employees' Retirement System
For the Last Ten Years
Required Supplementary Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 353,376	\$ 345,709	\$ 329,381	\$ 317,313	\$ 310,672	\$ 288,888	\$ 281,282	\$ 273,769	\$ 255,844	\$ 247,516
Contributions in relation to the statutorily required contribution	<u>(353,376)</u>	<u>(345,709)</u>	<u>(329,381)</u>	<u>(317,313)</u>	<u>(310,672)</u>	<u>(288,888)</u>	<u>(281,282)</u>	<u>(273,769)</u>	<u>(255,844)</u>	<u>(247,516)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$3,743,385	\$3,662,176	\$3,489,206	\$3,361,371	\$3,291,013	\$3,235,025	\$3,149,853	\$3,065,722	\$ 2,864,991	\$2,771,733
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%

See accompanying Independent Auditor's Report.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Pension Liability
For the Year Ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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

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

Galva-Holstein Community School District
Schedule of Changes in the District's
Total OPEB Liability, Related Ratios and Notes
For the Last Six Years
Required Supplementary Information

	2023	2022	2021	2020	2019	2018
Service cost	\$ 10.716	\$ 10.716	\$ 11.767	\$ 11.777	\$ 9.160	\$ 9.160
Interest cost	4.000	4.132	4.812	4.929	3.898	3.826
Recognition of deferred inflows/outflows	(8.940)	(9.663)	(14.376)	(13.363)	(10.015)	(5,568)
Demographic changes	-	17.136	-	-	-	-
Changes in assumptions	-	(13.320)	-	53.866	-	-
Benefit payments	(8.967)	(6.923)	(3.678)	(10.313)	(5.918)	(4.810)
Net change in total OPEB liability	(3.191)	2.078	(1.475)	46.896	(2,875)	2.608
Total OPEB liability beginning of year	<u>143.073</u>	<u>140.995</u>	<u>142.470</u>	<u>95.574</u>	<u>98.449</u>	<u>95.841</u>
Total OPEB liability end of year	<u>\$ 139.882</u>	<u>\$ 143.073</u>	<u>\$ 140.995</u>	<u>\$ 142.470</u>	<u>\$ 95.574</u>	<u>\$ 98.449</u>
Covered-employee payroll	\$ 3,555,437	\$ 3,554,340	\$ 3,337,834	\$ 3,318,383	\$ 3,404,363	\$ 3,247,759
Total OPEB liability as a percentage of covered -employee payroll	3.93%	4.03%	4.22%	4.29%	2.81%	3.03%

See accompanying Independent Auditor's Report.

Galva-Holstein Community School District
Notes to Required Supplementary Information – OPEB Liability and Related Ratios
Year Ended June 30, 2023

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

There were no significant 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, 2023	2.37%
Year ended June 30, 2022	2.37%
Year ended June 30, 2021	3.15%
Year ended June 30, 2020	3.15%
Year ended June 30, 2019	3.72%
Year ended June 30, 2018	3.72%
Year ended June 30, 2017	2.50%

Note: GASB Statement No. 75 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Supplementary Information

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

Schedule 1

	Special Revenue		Capital Projects		
	Student	Management	Statewide		Total
	Activity	Levy	Sales, Services	Construction	
		and Use Tax	Project		
Assets					
Cash, cash equivalents and pooled investments	\$84,968	\$ 924,841	\$ 1,092,738	\$ 824,759	\$2,927,306
Receivables					
Property tax					
Delinquent	-	1,365	-	-	1,365
Succeeding year	-	209,000	-	-	209,000
Accounts receivable	2,280	-	-	-	2,280
Due from other governments	-	-	45,493	-	45,493
Total assets	<u>\$87,248</u>	<u>\$1,135,206</u>	<u>\$ 1,138,231</u>	<u>\$ 824,759</u>	<u>\$3,185,444</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	<u>\$ 2,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,423</u>	<u>\$ 13,511</u>
Deferred inflows of resources					
Unavailable revenue					
Succeeding year property tax	<u>-</u>	<u>209,000</u>	<u>-</u>	<u>-</u>	<u>209,000</u>
Fund balances					
Restricted for					
Student activities	85,160	-	-	-	85,160
Management levy purposes	-	926,206	-	-	926,206
School infrastructure	-	-	1,138,231	813,336	1,951,567
Total fund balances	<u>85,160</u>	<u>926,206</u>	<u>1,138,231</u>	<u>813,336</u>	<u>2,962,933</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$87,248</u>	<u>\$1,135,206</u>	<u>\$ 1,138,231</u>	<u>\$ 824,759</u>	<u>\$3,185,444</u>

See accompanying Independent Auditor's Report.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

Schedule 2

Revenues	Special Revenue		Capital Projects		Total
	Student	Management	Statewide		
	<u>Activity</u>	<u>Levy</u>	<u>Sales, Services</u>	<u>Construction</u>	
Local sources			<u>and Use Tax</u>	<u>Project</u>	
Local taxes	\$ -	\$ 155,003	\$ -	\$ -	\$ 155,003
Other	244,521	5,297	7,174	28,905	285,897
State sources	-	34	645,489	-	645,523
Total revenues	244,521	160,334	652,663	28,905	1,086,423
Expenditures					
Current					
Instruction					
Regular	-	5,584	-	700	6,284
Other	255,505	-	-	-	255,505
Total instruction	255,505	5,584	-	700	261,789
Support services					
Administration	-	27,213	-	-	27,213
Operation and maintenance of plant	-	161,935	162,633	-	324,568
Transportation	-	33,313	-	-	33,313
Total support services	-	222,461	162,633	-	385,094
Other expenditures					
Facilities acquisition	-	-	15,292	142,631	157,923
Total expenditures	255,505	228,045	177,925	143,331	804,806
Excess (deficiency) of revenues over (under) expenditures	(10,984)	(67,711)	474,738	(114,426)	281,617
Other financing (uses)					
Interfund operating transfers (out)	-	-	(208,870)	-	(208,870)
Change in fund balances	(10,984)	(67,711)	265,868	(114,426)	72,747
Fund balances, beginning of year	96,144	993,917	872,363	927,762	2,890,186
Fund balances, end of year	\$ 85,160	\$ 926,206	\$ 1,138,231	\$ 813,336	\$ 2,962,933

See accompanying Independent Auditor's Report.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2023

Schedule 3

	<u>School Nutrition</u>	<u>Daycare</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$191,572	\$ 37,782	\$229,354
Accounts receivable	-	1,649	1,649
Due from other governments	10,558	-	10,558
Inventories	13,093	-	13,093
Total current assets	<u>215,223</u>	<u>39,431</u>	<u>254,654</u>
Noncurrent assets			
Capital assets, net of accumulated depreciation	<u>68,659</u>	-	<u>68,659</u>
Total assets	<u>283,882</u>	<u>39,431</u>	<u>323,313</u>
 Deferred Outflows of Resources			
Pension related deferred outflows	<u>12,930</u>	<u>12,059</u>	<u>24,989</u>
 Liabilities			
Current liabilities			
Accounts payable	4,651	811	5,462
Unearned revenue	<u>2,481</u>	-	<u>2,481</u>
Total liabilities	7,132	811	7,943
 Noncurrent liabilities			
Net pension liability	<u>51,538</u>	<u>48,068</u>	<u>99,606</u>
Total liabilities	<u>58,670</u>	<u>48,879</u>	<u>107,549</u>
 Deferred Inflows of Resources			
Pension related deferred inflows	<u>6,224</u>	<u>5,804</u>	<u>12,028</u>
 Net Position			
Investment in capital assets	68,659	-	68,659
Unrestricted	<u>163,259</u>	<u>(3,193)</u>	<u>160,066</u>
Total net position	<u>\$231,918</u>	<u>\$ (3,193)</u>	<u>\$228,725</u>

See accompanying Independent Auditor's Report.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2023

Schedule 4

	<u>School Nutrition</u>	<u>Daycare</u>	<u>Total</u>
Operating revenue			
Local sources			
Charges for service	\$ 151,164	\$229,649	\$ 380,813
Operating expenses			
Non-instructional programs			
Food service operations			
Salaries	98,939	-	98,939
Benefits	13,409	-	13,409
Purchased services	2,951	-	2,951
Supplies	259,773	-	259,773
Miscellaneous	475	-	475
Depreciation	7,915	-	7,915
	383,462	-	383,462
Daycare program			
Salaries	-	206,293	206,293
Benefits	-	25,917	25,917
Purchased services	-	25,712	25,712
Supplies	-	6,008	6,008
Miscellaneous	-	269	269
	-	264,199	264,199
Total operating expenses	383,462	264,199	647,661
Operating (loss)	(232,298)	(34,550)	(266,848)
Non-operating revenue			
Interest income	9,432	5,898	15,330
State sources	2,099	-	2,099
Federal sources	224,876	58,078	282,954
Total non-operating revenue	236,407	63,976	300,383
Change in net position	4,109	29,426	33,535
Net position, beginning of year	227,809	(32,619)	195,190
Net position, end of year	\$ 231,918	\$ (3,193)	\$ 228,725

See accompanying Independent Auditor's Report.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2023

Schedule 5

	School <u>Nutrition</u>	<u>Daycare</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from sale of services	\$ 146,006	\$ 228,000	\$ 374,006
Cash payments to employees for services	(115,834)	(233,420)	(349,254)
Cash payments to suppliers for goods and services	<u>(240,437)</u>	<u>(32,229)</u>	<u>(272,666)</u>
Net cash (used in) operating activities	<u>(210,265)</u>	<u>(37,649)</u>	<u>(247,914)</u>
Cash flows from non-capital financing activities			
State grants received	2,099	-	2,099
Federal grants received	<u>204,719</u>	<u>59,644</u>	<u>264,363</u>
Net cash provided by non-capital financing activities	<u>206,818</u>	<u>59,644</u>	<u>266,462</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	<u>(7,576)</u>	<u>-</u>	<u>(7,576)</u>
Cash flows from investing activities			
Interest on investments	<u>9,432</u>	<u>5,898</u>	<u>15,330</u>
Net increase (decrease) in cash and cash equivalents	(1,591)	27,893	26,302
Cash and cash equivalents, beginning of year	<u>193,163</u>	<u>9,889</u>	<u>203,052</u>
Cash and cash equivalents, end of year	<u>\$ 191,572</u>	<u>\$ 37,782</u>	<u>\$ 229,354</u>

**Reconciliation of operating (loss) to net cash
(used in) operating activities**

Operating (loss)	\$ (232,298)	\$ (34,550)	\$ (266,848)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities			
Depreciation	7,915	-	7,915
Commodities used	22,460	-	22,460
Change in assets and liabilities:			
Accounts receivable	-	(1,649)	(1,649)
Inventories	1,843	-	1,843
Deferred outflows of resources	(1,207)	(1,621)	(2,828)
Accounts payable	(1,542)	(240)	(1,782)
Unearned revenue	(5,158)	-	(5,158)
Net pension liability	49,971	46,673	96,644
Deferred inflows of resources	<u>(52,249)</u>	<u>(46,262)</u>	<u>(98,511)</u>
Net cash (used in) operating activities	<u>\$ (210,265)</u>	<u>\$ (37,649)</u>	<u>\$ (247,914)</u>

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2023, the District received \$22,460 of federal commodities.

See accompanying Independent Auditor's Report.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year Ended June 30, 2023

Schedule 6

Account	Balance, Beginning of Year	Revenues	Expenditures	Intra-fund Transfers	Balance, End of Year
Dramatics	\$ -	\$ 3,522	\$ 4,162	\$ 640	\$ -
Speech	-	1,055	2,060	1,420	415
Model UN	-	-	1,137	1,137	-
Music-vocal	1,039	-	1,288	250	1
Drill team	3,379	5,015	6,619	-	1,775
Multi activity disbursements	176	57,832	45,923	(10,891)	1,194
Cheerleaders	1,728	4,268	2,366	-	3,630
Basketball	-	4,209	16,026	11,817	-
Volleyball	(2)	2,342	5,945	3,607	2
Football	18,061	23,570	30,632	-	10,999
Baseball	-	7,609	16,274	8,665	-
Softball	-	1,129	5,732	4,603	-
Track	-	10,081	16,561	6,480	-
Cross country	3,334	785	3,604	-	515
Golf	95	1,760	3,671	1,816	-
Esports	1,171	174	107	-	1,238
Wrestling	1	12,474	13,272	797	-
All sports student fundraiser	953	-	-	-	953
Juniors	1,575	3,888	3,866	(8)	1,589
Seniors	102	-	80	-	22
Yearbook	9,590	13,230	11,301	-	11,519
Student council	-	829	877	48	-
Student senate fund	2,816	1,851	400	-	4,267
FFA club	16,903	28,275	22,001	-	23,177
Archery club	-	675	3,055	2,380	-
Elementary classes	4,533	855	836	-	4,552
Boundary waters	-	1,030	1,653	623	-
Elementary garden project	2,389	-	-	-	2,389
NHS	81	1,693	928	-	846
Pop fundraiser	7	4,101	2,256	-	1,852
Activity tickets	8,790	17,575	-	(26,000)	365
Student fundraiser - concessions	3,874	28,704	27,489	(3,084)	2,005
Undistributed interest	728	3,651	-	(4,300)	79
Music-HS band	1,796	-	534	-	1,262
Strength and Conditioning club	13,025	2,339	4,850	-	10,514
Totals	<u>\$ 96,144</u>	<u>\$ 244,521</u>	<u>\$ 255,505</u>	<u>\$ -</u>	<u>\$ 85,160</u>

See accompanying Independent Auditor's Report.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
 Schedule of Revenues by Source and Expenditures by Function
 All Governmental Funds
 For the Last Ten Years

Schedule 7

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Local sources										
Local tax	\$ 3,987,150	\$ 3,645,830	\$ 3,612,050	\$ 3,222,154	\$ 3,117,837	\$ 3,119,055	\$ 3,150,038	\$ 3,085,705	\$ 2,817,121	\$ 2,649,203
Tuition	1,017,939	1,148,094	986,639	720,057	723,381	753,109	898,389	855,393	753,701	813,288
Construction donations	-	-	-	-	-	-	-	-	5,055	-
Other	794,257	658,504	541,768	1,009,056	914,196	868,859	700,070	689,153	765,099	660,125
State sources	3,642,514	3,570,822	3,174,454	3,252,039	2,935,551	2,830,410	2,860,876	2,518,898	2,762,967	2,456,788
Federal sources	408,833	540,787	464,757	206,573	133,514	132,592	100,775	115,143	122,835	121,463
Total revenues	\$ 9,850,693	\$ 9,564,037	\$ 8,779,668	\$ 8,409,879	\$ 7,824,479	\$ 7,704,025	\$ 7,710,148	\$ 7,264,292	\$ 7,226,778	\$ 6,700,867
Expenditures										
Current										
Instruction										
Regular	\$ 3,027,096	\$ 3,134,948	\$ 2,811,026	\$ 2,769,728	\$ 2,785,400	\$ 2,818,894	\$ 2,704,650	\$ 2,654,707	\$ 2,762,657	\$ 2,742,536
Special	915,007	896,766	755,057	701,647	669,176	606,442	516,810	533,522	517,802	527,395
Other	1,086,295	992,253	905,431	868,531	935,500	896,780	785,780	815,598	826,326	703,567
Support services										
Student	213,162	184,571	200,893	154,490	130,070	130,178	172,607	135,881	169,629	166,007
Instructional staff	151,803	182,125	170,126	106,730	61,426	51,336	51,095	40,903	62,616	76,799
Administration	828,404	855,364	807,462	769,328	828,208	717,021	741,305	738,377	651,920	639,057
Operation and maintenance of plant	837,906	651,081	603,039	473,620	493,391	474,145	482,439	461,613	435,929	444,998
Transportation	450,193	523,908	474,630	446,224	340,020	337,813	404,702	273,207	457,025	354,929
Non-instructional programs	1,281	4,973	5,313	9,917	1,264	5,163	-	179	-	542
Other expenditures										
Facilities acquisition	343,671	2,058,572	7,521,584	2,359,161	1,231,913	474,817	549,251	490,996	1,650,672	1,514,438
Long-term debt										
Principal	955,000	790,000	785,000	775,000	150,000	145,000	140,000	435,000	575,000	480,000
Interest and other charge:	353,316	427,030	382,131	366,020	57,540	59,903	61,795	66,320	91,606	8,965
AEA flowthrough	222,364	219,157	204,065	200,859	188,599	183,112	180,776	181,590	184,890	171,099
Total expenditures	\$ 9,385,498	\$ 10,920,748	\$ 15,625,757	\$ 10,001,255	\$ 7,872,507	\$ 6,900,604	\$ 6,791,210	\$ 6,827,893	\$ 8,386,072	\$ 7,830,332

See accompanying Independent Auditor's Report.

Kay L. Chapman, CPA PC

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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 Galva-Holstein Community School District:

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Galva-Holstein Community School District as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated January 15, 2024. I did not issue an opinion on the Galva-Holstein Community School District Foundation, which is included in the District's financial statements as a discretely presented component unit, because I was not engaged to and did not audit the Foundation. Except as discussed in the preceding sentence, I conducted my audit 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.

Report on Internal Control Over Financial Reporting

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Galva-Holstein Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2023 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my 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.

Galva-Holstein Community School District's Responses to the Findings

Government Auditing Standards require the auditor to perform limited procedure on Galva-Holstein Community School District's responses to the findings identified in my audit and described in the accompanying Schedule of Findings. Galva-Holstein Community School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Galva-Holstein Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
January 15, 2024

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2023

Part I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCY

MATERIAL WEAKNESS

A. Segregation of Duties

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

Condition - I noted that one individual has control over one or more of the following areas for the District:

- 1) Cash - handling, recording and reconciling cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) School nutrition food inventories - ordering, receiving, issuing and storing.
- 4) Receipts - recording, journaling and reconciling.
- 5) Disbursements - preparation, signing, and recording of checks.
- 6) Wire transfers - processing and approving.
- 7) Payroll - reviews, calculates and inputs payroll.
- 8) Financial reporting - preparing, reconciling and approving financial reports.
- 9) Journal entries - writing, posting and approving.

Cause - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability. This is not an unusual condition but it is important the District officials are aware that the condition exists.

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

Recommendation - I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials, to provide additional controls through review of financial

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2023

transactions, reconciliations and reports. These independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

Response and Corrective Action Planned - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

Part II. Other Findings Related to Required Statutory Reporting

1. Certified Budget - Expenditures for the year ended June 30, 2023 exceeded the amount budgeted in the non-instructional programs function.

Recommendation - The certified budget should have been adequately 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.

2. Questionable Expenditures - No expenditures were noted that I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
3. 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.
4. Business Transactions - No business transactions between the District and District officials or employees were noted.
5. 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.
6. 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.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2023

7. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board. However, it was noted that the approved list of depositories and the maximum depository amount were not included in the Board minutes.

Recommendation - Chapter 12C.2 of the Code of Iowa states that minutes shall include the name of each depository approved and specify the maximum amount that may be kept on deposit in each depository. The District should include the list of approved depositories and the maximum amount for each in the minutes.

Response - This was an inadvertent oversight. We will ensure that the minutes include the maximum authorized depository amounts in compliance with the Code of Iowa.

Conclusion - Response accepted.

8. Certified Enrollment - Variances in the basic enrollment data certified to the Iowa Department of Education were noted. The resident students reported to the Iowa Department of Education was understated by 1 student.

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

Response - We have contacted the Iowa Department of Education and the Iowa Department of Management, as recommended.

Conclusion - Response accepted.

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

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

11. Certified Annual Reports - The Certified Annual Report was certified timely to the Iowa Department of Education.

12. Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

13. Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
 Schedule of Findings
 For the Year Ended June 30, 2023

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

Beginning balance		\$ 872,363
Revenues		
Statewide sales, services and use tax	\$ 645,489	
Interest earned	<u>7,174</u>	652,663
Expenditures/transfers out		
School infrastructure		
Building improvements	\$ 162,633	
Equipment	15,292	
Transfers to other fund		
Debt service fund	<u>208,870</u>	<u>386,795</u>
Ending balance		<u>\$ 1,138,231</u>

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

14. Deficit Net Position - The District's Enterprise - Daycare Fund had a negative unrestricted and total net position of \$3,193 at June 30, 2023.

Recommendation - The District should continue to monitor this fund and investigate alternatives to eliminate this deficit in order to return the fund to a sound financial condition.

Response - We are aware of the negative fund balance and are working toward a resolution.

Conclusion - Response accepted.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2023

This audit was performed by

Kay Chapman, CPA
Terri Slater, staff accountant