

**UNITED
COMMUNITY SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2024**

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UNITED COMMUNITY SCHOOL DISTRICT

OFFICIALS

Name	Title	Term Expires
Board of Education		
Brenda Stanley	President	2025
Lora Weyhrich	Vice President	2025
Jon Davis	Board Member	2027
Mike Lynch	Board Member	2027
Kathy Toms	Board Member	2027
School Officials		
Marc Snavelly	Superintendent	Indefinite
Danielle Hudson	Board Secretary / Business Manager	Indefinite



Independent Auditor's Report

To the Board of Education of
United Community School District
Boone, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of United Community School District, Boone, Iowa, as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the United Community School District as of June 30, 2024 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability and Related Ratios on pages 4 through 11 and 51 through 56 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise United Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2023 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included on pages 57 through 59, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 57 through 59 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2025 on our consideration of United Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Community School District's internal control over financial reporting and compliance.

TrustPoint, LLP

Ames, Iowa
June 26, 2025

UNITED COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

United Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2024. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2024 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$6,201,755 in fiscal year 2023 to \$6,214,153 in fiscal year 2024, while General Fund expenditures decreased from \$6,198,971 in fiscal year 2023 to \$6,057,632 in fiscal year 2024. The District's General Fund balance increased from \$2,814,350 at the end of fiscal year 2023 to \$2,970,871 at the end of fiscal year 2024, a 5.56% increase.
- The increase in General Fund revenues was attributable to an increase in state revenue in fiscal year 2024. The decrease in expenditures was due primarily to an increase in instruction and administration expenditures when compared with the prior year.

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 United Community School District as a whole and present an overall view of the District's finances.
- The Fund Financial Statements tell how governmental and business type activities services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which United 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 and Related Ratios.
- Supplementary Information provides detailed information about the capital projects fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Some funds are required by state law or 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 Fund.

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

- 2) ***Proprietary funds:*** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District currently has three Enterprise Funds: School Nutrition Fund, the School Store Fund and the Daycare Fund.

MANAGEMENT’S DISCUSSION AND ANALYSIS

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES (CONTINUED)

Fund Financial Statements (Continued)

- 2) *Proprietary funds (continued)*: The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows.
- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. This includes the Custodial Fund.
 - Custodial Fund – These are funds for which the District administers and accounts for certain financial activities as a fiscal agent.

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

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and 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, 2024 compared to June 30, 2023:

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2024	2023	2024	2023	2024	2023	2023-2024
Current and other assets	\$ 10,950,197	\$ 10,443,719	\$ 713,113	\$ 700,070	\$ 11,663,310	\$ 11,143,789	4.7%
Capital assets	8,160,919	8,306,164	40,101	45,721	8,201,020	8,351,885	-1.8%
Total assets	19,111,116	18,749,883	753,214	745,791	19,864,330	19,495,674	1.9%
Deferred outflow of resources	419,827	265,248	24,717	12,296	444,544	277,544	60.2%
Long-term liabilities	5,410,294	6,130,402	215,442	177,766	5,625,736	6,308,168	-10.8%
Other liabilities	883,828	859,489	19,558	26,109	903,386	885,598	2.0%
Total liabilities	6,294,122	6,989,891	235,000	203,875	6,529,122	7,193,766	-9.2%
Deferred inflows of resources	4,057,384	4,067,137	8,957	13,748	4,066,341	4,080,885	-0.4%
Net position:							
Net investment in capital assets	5,147,694	4,989,651	40,101	45,721	5,187,795	5,035,372	3.0%
Restricted	3,241,380	2,905,618	-	-	3,241,380	2,905,618	11.6%
Unrestricted	790,363	62,834	493,873	494,743	1,284,236	557,577	130.3%
Total net position	\$ 9,179,437	\$ 7,958,103	\$ 533,974	\$ 540,464	\$ 9,713,411	\$ 8,498,567	14.3%

The District’s total net position increased 14.3%, or approximately \$1,215,000, over the prior year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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 approximately \$336,000, or 11.6%, over the prior year. The increase was primarily a result of an increase in net position restricted for management levy purposes and capital projects fund as compared with the prior year. The increase is due to tax levies for future early retirement obligations and future building and equipment needs, respectively.

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 approximately \$727,000, or 130.3%. This increase in unrestricted net position was primarily a result of a reduction in the combination of deferred outflows of resources related to pensions, net pension liability, deferred inflows of resources related to pensions and total OPEB liability.

Figure A-2 shows the changes in net position for the year ended June 30, 2024 compared to the year ended June 30, 2023:

	Governmental Activities		Business Type Activities		Total District		Total Change
	2024	2023	2024	2023	2024	2023	2023-2024
Revenues:							
Program revenues:							
Charges for service	\$ 1,275,689	\$ 1,304,177	\$ 316,292	\$ 273,110	\$ 1,591,981	\$ 1,577,287	0.9%
Operating grants and contributions	1,051,842	1,148,759	99,665	126,895	1,151,507	1,275,654	-9.7%
General revenues:							
Property tax	3,677,831	3,604,844	-	-	3,677,831	3,604,844	2.0%
Income surtax	99,581	109,768	-	-	99,581	109,768	-9.3%
Statewide sales, services and use tax	508,370	510,824	-	-	508,370	510,824	-0.5%
Unrestricted state grants	1,025,581	861,996	-	-	1,025,581	861,996	19.0%
Unrestricted investment earnings	69,315	45,393	19,624	10,811	88,939	56,204	58.2%
Other general revenues	57,722	47,382	-	1,650	57,722	49,032	17.7%
Total revenues	7,765,931	7,633,143	435,581	412,466	8,201,512	8,045,609	1.9%
Program expenses:							
Instruction	4,099,116	4,421,904	179,450	156,170	4,278,566	4,578,074	-6.5%
Support services	1,879,954	1,895,526	-	-	1,879,954	1,895,526	-0.8%
Non-instructional programs	-	-	262,621	142,737	262,621	142,737	84.0%
Other expenses	565,527	563,208	-	-	565,527	563,208	0.4%
Total expenses	6,544,597	6,880,638	442,071	298,907	6,986,668	7,179,545	-2.7%
Change in net position	1,221,334	752,505	(6,490)	113,559	1,214,844	866,064	40.3%
Net position beginning of year	7,958,103	7,205,598	540,464	426,905	8,498,567	7,632,503	11.3%
Net position end of year	\$ 9,179,437	\$ 7,958,103	\$ 533,974	\$ 540,464	\$ 9,713,411	\$ 8,498,567	14.3%

In fiscal year 2024, property tax and unrestricted state grants accounted for 60.6% of governmental activities revenue while charges for service and operating grants and contributions accounted for 95.5% of business type activities revenue. The District's total revenues were approximately \$8.2 million, of which approximately \$7.8 million was for governmental activities and approximately \$0.4 million was for business type activities.

As shown in Figure A-2, the District as a whole experienced a 1.9% increase in revenues and a 2.7% decrease in expenses. Unrestricted state grants increased approximately \$164,000 to account for the increase in revenue. Expenses decreased primarily due to a decrease in the District's instruction and support services. The decrease in expenses is primarily related to a decrease in benefits, resulting from a reduction in the total OPEB liability.

MANAGEMENT’S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities

Revenues for governmental activities were \$7,765,931 and expenses were \$6,544,597 for the year ended June 30, 2024. The District was able to balance the budget by managing expenses to match available revenues.

The following table presents the total and net cost of the District’s major governmental activities, instruction, support services and other expenses, for the year ended June 30, 2024 compared to those expenses for the year ended June 30, 2023.

	Total Cost of Services			Net Cost of Services		
	2024	2023	Change 2023-2024	2024	2023	Change 2023-2024
Instruction	\$ 4,099,116	\$ 4,421,904	-7.3%	\$ 2,195,706	\$ 2,325,651	-5.6%
Support services	1,879,954	1,895,526	-0.8%	1,632,911	1,714,527	-4.8%
Other expenses	565,527	563,208	0.4%	388,449	387,524	0.2%
Total	\$ 6,544,597	\$ 6,880,638	-4.9%	\$ 4,217,066	\$ 4,427,702	-4.8%

For the year ended June 30, 2024:

- The cost financed by users of the District’s programs was \$1,275,689.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,051,842.
- The net cost of governmental activities was financed with \$4,285,782 of property and other taxes and \$1,025,581 of unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2024 were \$435,581 representing a 5.6% increase over the prior year, while expenses totaled \$442,071, a 72.0% increase over the prior year. The District’s business type activities include the Preschool Fund, the School Nutrition Fund and the School Store Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2024, the District’s charges for service in the school nutrition and preschool funds increased to account for the increase in revenue. The increase in expenses is attributed to an increase in salary and benefits and supply costs.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$6,127,620, above last year’s ending fund balances of \$5,753,125. The primary reason for the increase in combined fund balances at the end of fiscal year 2024 is due to an increase in the General Fund from managing expenses to available revenue and Capital Projects Fund from maintaining unspent revenue for future building and equipment needs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

INDIVIDUAL FUND ANALYSIS (CONTINUED)

Governmental Fund Highlights

- The District's General Fund financial position is the result of many factors. General Fund revenues increased compared to the prior year, primarily due to an increase in state revenue received. General Fund expenditures decreased during the year, primarily due to a decrease in instruction and administration expenditures. The District's General Fund balance increased 5.6% from \$2,814,350 at June 30, 2023 to \$2,970,871 at June 30, 2024.
- The Capital Projects Fund balance increased from \$1,993,618 at June 30, 2023 to \$2,115,363 at June 30, 2024. The increase is due to revenue exceeding expenditures, allowing the District to build the fund balance for future equipment and improvement projects.
- The Management Levy Fund balance increased from \$945,157 at June 30, 2023 to \$1,041,386 at June 30, 2024. Property tax revenue exceeded insurance and early retirement obligations allowing the District to build the fund balance for future obligations.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from \$287,893 at June 30, 2023 to \$255,322 at June 30, 2024. Expenses increased due to increased salary and benefit costs and supply expenses.

The Preschool Fund net position increased from \$241,415 at June 30, 2023 to \$270,401 at June 30, 2024. Revenue remained stable in 2024 and salary expenses increased compared to the prior year. However, revenue exceeded expenditures allowing growth in the fund balance.

Budgetary Highlights

Over the course of the year, United Community School District amended its budget one time to reflect additional expenditures associated with increased food prices.

The District's total revenues were \$597,154 more than budgeted revenues, a variance of 7.8%. The most significant variance resulted from the District receiving \$583,548 more state source revenue.

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

In spite of the District's budgetary practices, expenditures in the non-instructional programs functional area exceeded the amount budgeted.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, the District had invested \$8,201,020, net of accumulated depreciation/amortization, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment (See Figure A-4). This represents a net decrease of 1.8% over last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation/amortization expense for the year was \$427,993.

The original cost of the District's capital assets was approximately \$14.4 million. Governmental funds accounted for approximately \$14.2 million, with the remainder of \$0.2 million accounted for in the Enterprise, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. During the year ended June 30, 2024, depreciation/amortization expense exceeded capital expenditures attributing to the reduction in the building category.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2024	2023	2024	2023	2024	2023	2023-2024
Land	\$ 30,821	\$ 30,821	\$ -	\$ -	\$ 30,821	\$ 30,821	0.0%
Buildings	7,569,953	7,736,209	-	-	7,569,953	7,736,209	-2.1%
Improvements other than buildings	198,539	221,312	-	-	198,539	221,312	-10.3%
Furniture and equipment	296,001	316,338	40,101	45,721	336,102	362,059	-7.2%
Right-to-use leased equipment	65,605	1,484	-	-	65,605	1,484	4320.8%
Total	\$ 8,160,919	\$ 8,306,164	\$ 40,101	\$ 45,721	\$ 8,201,020	\$ 8,351,885	-1.8%

Long-term Debt

At June 30, 2024, the District had \$3,013,225 of total long-term debt outstanding. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit.

	Total District		Percentage
	June 30,		Change
	2024	2023	June 30, 2023-2024
General obligation school capital loan notes	\$ 1,105,000	\$ 1,320,000	-16.3%
Revenue bonds	1,840,000	1,995,000	-7.8%
Lease agreements	68,225	1,513	4409.3%
	\$ 3,013,225	\$ 3,316,513	-9.1%

MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was unaware of any existing circumstances which could significantly affect its financial health in the future except for the following:

- Local option sales and services tax revenues have a significant impact on building improvements.
- District certified enrollment remained steady in fiscal year 2025. Under Iowa's school funding formula, District funding is highly dependent upon District enrollment. Projections indicate the District will continue to remain steady in 2025-26.
- The increasing rate of inflation will make it difficult for the District to keep up with the rising costs of goods and services. This will have an impact on the District going forward.
- The District entered into a Superintendent sharing agreement with South Hamilton Community School 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 Jenn Meinecke, Board Secretary/Treasurer, United Community School District, 1284 U Avenue, Boone, Iowa 50036.

BASIC FINANCIAL STATEMENTS

UNITED COMMUNITY SCHOOL DISTRICT

UNITED COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 6,140,920	\$ 703,279	\$ 6,844,199
Receivables:			
Property tax:			
Delinquent	11,507	-	11,507
Succeeding year	3,905,238	-	3,905,238
Accounts	-	3,012	3,012
Due from other governments	892,532	-	892,532
Inventories	-	6,822	6,822
Land	30,821	-	30,821
Capital assets, net of accumulated depreciation/amortization	8,130,098	40,101	8,170,199
Total assets	19,111,116	753,214	19,864,330
Deferred Outflows of Resources			
Pension related deferred outflows	419,827	24,717	444,544
Total deferred outflows of resources	419,827	24,717	444,544
Liabilities			
Accounts payable	538,244	-	538,244
Salaries and benefits payable	341,710	14,773	356,483
Accrued interest payable	3,874	-	3,874
Unearned revenue	-	4,785	4,785
Long-term liabilities:			
Portion due within one year:			
General obligation capital loan notes	215,000	-	215,000
Revenue bonds	155,000	-	155,000
Lease agreements	16,838	-	16,838
Early retirement	46,799	-	46,799
Portion due after one year:			
General obligation capital loan notes	890,000	-	890,000
Revenue bonds	1,685,000	-	1,685,000
Lease agreements	51,387	-	51,387
Early retirement	98,082	-	98,082
Net pension liability	1,106,979	65,171	1,172,150
Total OPEB liability	1,145,209	150,271	1,295,480
Total liabilities	6,294,122	235,000	6,529,122

(Continued on next page)

UNITED COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2024

	Governmental Activities	Business Type Activities	Total
Deferred Inflows of Resources			
Property taxes levied for subsequent years	\$ 3,905,238	\$ -	\$ 3,905,238
Pension related deferred inflows	152,146	8,957	161,103
Total deferred inflows of resources	<u>4,057,384</u>	<u>8,957</u>	<u>4,066,341</u>
Net Position			
Net investment in capital assets	5,147,694	40,101	5,187,795
Restricted for:			
Categorical funding	229,512	-	229,512
Management levy purposes	896,505	-	896,505
School infrastructure	727,972	-	727,972
Physical plant and equipment	1,387,391	-	1,387,391
Unrestricted	790,363	493,873	1,284,236
Total net position	<u>\$ 9,179,437</u>	<u>\$ 533,974</u>	<u>\$ 9,713,411</u>

See notes to basic financial statements.

UNITED COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Governmental activities:				
Instruction:				
Regular instruction	\$ 3,054,627	\$ 967,774	\$ 349,074	\$ -
Special instruction	708,889	307,915	25,832	-
Other instruction	335,600	-	252,815	-
	<u>4,099,116</u>	<u>1,275,689</u>	<u>627,721</u>	<u>-</u>
Support services:				
Student	78,788	-	4,068	-
Instructional staff	334,529	-	112,540	-
Administration	619,190	-	861	-
Operation and maintenance of plant	571,878	-	50,000	-
Transportation	275,569	-	79,574	-
	<u>1,879,954</u>	<u>-</u>	<u>247,043</u>	<u>-</u>
Other expenditures:				
Long-term debt interest	50,920	-	-	-
AEA flowthrough	177,078	-	177,078	-
Depreciation/amortization (unallocated)*	337,529	-	-	-
	<u>565,527</u>	<u>-</u>	<u>177,078</u>	<u>-</u>
Total governmental activities	<u>6,544,597</u>	<u>1,275,689</u>	<u>1,051,842</u>	<u>-</u>
Business type activities:				
Instructional programs:				
Preschool	179,450	193,874	-	-
Non-instructional programs:				
Food service operations	259,334	122,036	99,665	-
Other enterprise operations	3,287	382	-	-
Total business type activities	<u>442,071</u>	<u>316,292</u>	<u>99,665</u>	<u>-</u>
Total	<u>\$ 6,986,668</u>	<u>\$ 1,591,981</u>	<u>\$ 1,151,507</u>	<u>\$ -</u>

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business Type Activities	Total
\$ (1,737,779)	\$ -	\$ (1,737,779)
(375,142)	-	(375,142)
(82,785)	-	(82,785)
<u>(2,195,706)</u>	<u>-</u>	<u>(2,195,706)</u>
(74,720)	-	(74,720)
(221,989)	-	(221,989)
(618,329)	-	(618,329)
(521,878)	-	(521,878)
(195,995)	-	(195,995)
<u>(1,632,911)</u>	<u>-</u>	<u>(1,632,911)</u>
(50,920)	-	(50,920)
-	-	-
(337,529)	-	(337,529)
<u>(388,449)</u>	<u>-</u>	<u>(388,449)</u>
<u>(4,217,066)</u>	<u>-</u>	<u>(4,217,066)</u>
-	14,424	14,424
-	(37,633)	(37,633)
-	(2,905)	(2,905)
<u>-</u>	<u>(26,114)</u>	<u>(26,114)</u>
<u>(4,217,066)</u>	<u>(26,114)</u>	<u>(4,243,180)</u>

(Continued on next page)

UNITED COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES (CONTINUED)

Year Ended June 30, 2024

	Expenses	Program Revenues	
		Charges for Service	Operating Grants and Contributions
General Revenues:			
Property tax levied for:			
General purposes			
Capital outlay			
Income surtax			
Statewide sales, services and use tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total general revenues			

Change in net position

Net position beginning of year

Net position end of year

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

See notes to basic financial statements.

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business Type Activities	Total
\$ 3,022,811	\$ -	\$ 3,022,811
655,020	-	655,020
99,581	-	99,581
508,370	-	508,370
1,025,581	-	1,025,581
69,315	19,624	88,939
57,722	-	57,722
<u>5,438,400</u>	<u>19,624</u>	<u>5,458,024</u>
1,221,334	(6,490)	1,214,844
<u>7,958,103</u>	<u>540,464</u>	<u>8,498,567</u>
<u>\$ 9,179,437</u>	<u>\$ 533,974</u>	<u>\$ 9,713,411</u>

UNITED COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
Governmental Funds
June 30, 2024

	General	Capital Projects	Management Levy
Assets			
Cash and pooled investments	\$ 3,021,947	\$ 2,175,758	\$ 943,215
Receivables:			
Property tax:			
Delinquent	8,506	1,968	1,033
Succeeding year	2,950,129	695,110	259,999
Due from other governments	795,755	96,777	-
Due from other funds	-	-	97,138
Total assets	\$ 6,776,337	\$ 2,969,613	\$ 1,301,385

See Notes to Basic Financial Statements.

Nonmajor	
Debt Service	Total
\$ -	\$ 6,140,920
-	11,507
-	3,905,238
-	892,532
-	97,138

\$ - \$ 11,047,335

UNITED COMMUNITY SCHOOL DISTRICT

BALANCE SHEET (CONTINUED)

Governmental Funds

June 30, 2024

	General	Capital Projects	Management Levy
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 379,104	\$ 159,140	\$ -
Salaries and benefits payable	341,710	-	-
Due to other funds	97,138	-	-
Total liabilities	817,952	159,140	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	2,950,129	695,110	259,999
Other	37,385	-	-
Total deferred inflows of resources	2,987,514	695,110	259,999
Fund balances:			
Restricted for:			
Categorical funding	229,512	-	-
Management levy purposes	-	-	1,041,386
School infrastructure	-	727,972	-
Physical plant and equipment	-	1,387,391	-
Committed for future outdoor classroom	8,474	-	-
Unassigned	2,732,885	-	-
Total fund balances	2,970,871	2,115,363	1,041,386
Total liabilities, deferred inflows of resources and fund balances	\$ 6,776,337	\$ 2,969,613	\$ 1,301,385

Nonmajor	
Debt Service	Total
\$ -	\$ 538,244
-	341,710
-	97,138
-	977,092
-	3,905,238
-	37,385
-	3,942,623
-	229,512
-	1,041,386
-	727,972
-	1,387,391
-	8,474
-	2,732,885
-	6,127,620
\$ -	\$ 11,047,335

UNITED COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET

**Governmental Funds to the Statement of Net Position
June 30, 2024**

Total fund balances of governmental funds (page 17) \$ 6,127,620

*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. 8,160,919

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. (3,874)

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. 37,385

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	\$ 419,827	
Deferred inflows of resources	(152,146)	267,681

Long-term liabilities, including bonds payable, early retirement, lease agreements payable, total OPEB liability and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds. (5,410,294)

Net position of governmental activities (page 13) \$ 9,179,437

See notes to basic financial statements.

UNITED COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

Governmental Funds

Year Ended June 30, 2024

	General	Capital Projects	Management Levy
Revenues:			
Local sources:			
Local tax	\$ 2,824,364	\$ 655,020	\$ 325,860
Tuition	1,275,689	-	-
Other	98,890	28,147	-
State sources	1,929,881	516,382	4,201
Federal sources	85,329	50,000	-
Total revenues	6,214,153	1,249,549	330,061
Expenditures:			
Current:			
Instruction:			
Regular	3,229,283	56,860	69,456
Special	787,029	-	-
Other	427,536	-	-
	4,443,848	56,860	69,456
Support services:			
Student	98,636	-	-
Instructional staff	319,068	68,694	-
Administration	463,717	198,579	12,854
Operation and maintenance of plant	322,998	60,344	134,420
Transportation	232,287	33,583	17,102
	1,436,706	361,200	164,376
Other expenditures:			
Facilities acquisition	-	355,201	-
Long-term debt:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
AEA flowthrough	177,078	-	-
	177,078	355,201	-
Total expenditures	6,057,632	773,261	233,832
Excess (deficiency) of revenues over (under) expenditures	156,521	476,288	96,229

Nonmajor	
Debt Service	Total
\$ -	\$ 3,805,244
-	1,275,689
-	127,037
-	2,450,464
-	135,329
-	<u>7,793,763</u>

-	3,355,599
-	787,029
-	427,536
-	<u>4,570,164</u>

-	98,636
-	387,762
-	675,150
-	517,762
-	282,972
-	<u>1,962,282</u>

-	355,201
386,388	386,388
51,255	51,255
-	177,078
<u>437,643</u>	<u>969,922</u>
<u>437,643</u>	<u>7,502,368</u>

(437,643) 291,395

(Continued on next page)

UNITED COMMUNITY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)**

**Governmental Funds
Year Ended June 30, 2024**

	General	Capital Projects	Management Levy
Excess (deficiency) of revenues over (under) expenditures	\$ 156,521	\$ 476,288	\$ 96,229
Other financing sources (uses):			
Proceeds from lease agreement	-	83,100	-
Transfers in	-	-	-
Transfers out	-	(437,643)	-
	-	(354,543)	-
Change in fund balances	156,521	121,745	96,229
Fund balances beginning of year	2,814,350	1,993,618	945,157
Fund balances end of year	\$ 2,970,871	\$ 2,115,363	\$ 1,041,386

See notes to basic financial statements.

Nonmajor	
Debt Service	Total
\$ (437,643)	\$ 291,395
-	83,100
437,643	437,643
-	(437,643)
437,643	83,100
-	374,495
-	5,753,125
\$ -	\$ 6,127,620

UNITED COMMUNITY SCHOOL DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
Governmental Funds to the Statement of Activities
Year Ended June 30, 2024**

Change in fund balances - total governmental funds (page 20) \$ 374,495

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 exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 277,128	
Depreciation/amortization expense	(422,373)	(145,245)

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

Issued	\$ (83,100)	
Repaid	386,388	303,288

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. (27,831)

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. 335

(Continued on next page)

UNITED COMMUNITY SCHOOL DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**

Governmental Funds to the Statement of Activities

Year Ended June 30, 2024

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

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.

\$ 229,278

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:

Early retirement
Pension expense
OPEB expense

\$ 94,548	
(46,582)	
439,048	487,014
<hr/>	

Change in net position of governmental activities (page 15)

\$ 1,221,334

See notes to basic financial statements.

UNITED COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

Proprietary Fund

June 30, 2024

	Nonmajor Enterprise			
	School Nutrition	Preschool	School Store	Total
Assets				
Current assets:				
Cash and pooled investments	\$ 292,332	\$ 402,696	\$ 8,251	\$ 703,279
Accounts receivable	3,012	-	-	3,012
Inventories	6,822	-	-	6,822
Total current assets	302,166	402,696	8,251	713,113
Noncurrent assets:				
Capital assets, net of accumulated depreciation	40,101	-	-	40,101
Total assets	342,267	402,696	8,251	753,214
Deferred Outflows of Resources				
Pension related deferred outflows	8,091	16,626	-	24,717
	8,091	16,626	-	24,717
Liabilities				
Current liabilities:				
Salaries and benefits payable	1,658	13,115	-	14,773
Unearned revenue	4,785	-	-	4,785
Total current liabilities	6,443	13,115	-	19,558
Noncurrent liabilities:				
Net pension liability	21,333	43,838	-	65,171
Total OPEB liability	64,328	85,943	-	150,271
Total noncurrent liabilities	85,661	129,781	-	215,442
Total liabilities	92,104	142,896	-	235,000
Deferred Inflows of Resources				
Pension related deferred inflows	2,932	6,025	-	8,957
Net Position				
Net investment in capital assets	40,101	-	-	40,101
Unrestricted	215,221	270,401	8,251	493,873
Total net position	\$ 255,322	\$ 270,401	\$ 8,251	\$ 533,974

See notes to basic financial statements.

UNITED COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

Proprietary Fund

Year Ended June 30, 2024

	Nonmajor Enterprise			Total
	School Nutrition	Preschool	School Store	
Operating revenues:				
Local sources:				
Charges for service	\$ 122,036	\$ 193,874	\$ 382	\$ 316,292
Total operating revenues	122,036	193,874	382	316,292
Operating expenses:				
Non-instructional programs:				
Food service operations:				
Salaries	67,728	-	-	67,728
Benefits	65,487	-	-	65,487
Purchased services	15,073	-	-	15,073
Supplies	105,426	-	-	105,426
Depreciation	5,620	-	-	5,620
Total non-instructional expenses	259,334	-	-	259,334
Instructional programs:				
Other:				
Salaries	-	121,104	-	121,104
Benefits	-	44,959	-	44,959
Supplies	-	13,387	-	13,387
Total instructional	-	179,450	-	179,450
Other enterprise operations:				
Supplies	-	-	3,287	3,287
Total other enterprise operations expenses	-	-	3,287	3,287
Total operating expenses	259,334	179,450	3,287	442,071
Operating income (loss)	(137,298)	14,424	(2,905)	(125,779)

(Continued on next page)

UNITED COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION (CONTINUED)

Proprietary Fund

Year Ended June 30, 2024

	Nonmajor Enterprise			
	School Nutrition	Preschool	School Store	Total
Operating income (loss)	\$ (137,298)	\$ 14,424	\$ (2,905)	\$ (125,779)
Non-operating revenues:				
State sources	1,244	-	-	1,244
Federal sources	98,421	-	-	98,421
Interest income	5,062	14,562	-	19,624
Total non-operating revenues	104,727	14,562	-	119,289
Change in net position	(32,571)	28,986	(2,905)	(6,490)
Net position beginning of year	287,893	241,415	11,156	540,464
Net position end of year	\$ 255,322	\$ 270,401	\$ 8,251	\$ 533,974

See notes to basic financial statements.

UNITED COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

Proprietary Fund

Year Ended June 30, 2024

	Nonmajor Enterprise			
	School Nutrition	Preschool	School Store	Total
Cash flows from operating activities:				
Cash received from sale of services	\$ 113,679	\$ 191,425	\$ 382	\$ 305,486
Cash paid to employees for services	(103,508)	(173,053)	-	(276,561)
Cash paid to suppliers for goods	(102,684)	(13,387)	(3,287)	(119,358)
Net cash provided by (used by) operating activities	(92,513)	4,985	(2,905)	(90,433)
Cash flows from non-capital financing activities:				
State grants received	1,244	-	-	1,244
Federal grants received	80,168	-	-	80,168
Net cash provided by non-capital financing activities	81,412	-	-	81,412
Cash flows from investing activities:				
Interest on investments	5,062	14,562	-	19,624
Net increase (decrease) in cash	(6,039)	19,547	(2,905)	10,603
Cash beginning of year	298,371	383,149	11,156	692,676
Cash end of year	\$ 292,332	\$ 402,696	\$ 8,251	\$ 703,279

(Continued on next page)

UNITED COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS (CONTINUED)

Proprietary Fund

Year Ended June 30, 2024

	Nonmajor Enterprise			Total
	School Nutrition	Preschool	School Store	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (137,298)	\$ 14,424	\$ (2,905)	\$ (125,779)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Commodities used	18,253	-	-	18,253
Depreciation	5,620	-	-	5,620
(Increase) in accounts receivable	(2,002)	-	-	(2,002)
(Increase) in inventory	(438)	-	-	(438)
Increase in salaries and benefits payable	597	1,656	-	2,253
(Decrease) in unearned revenue	(6,355)	(2,449)	-	(8,804)
(Increase) in deferred outflows of resources	(2,956)	(9,465)	-	(12,421)
(Decrease) in deferred inflows of resources	(2,798)	(1,993)	-	(4,791)
Increase in net pension liability	2,165	17,107	-	19,272
Increase (decrease) increase in total OPEB liability	32,699	(14,295)	-	18,404
Net cash provided by (used in) operating activities	\$ (92,513)	\$ 4,985	\$ (2,905)	\$ (90,433)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2024, the district received \$18,253 of federal commodities.

See notes to basic financial statements.

UNITED COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds
June 30, 2024

	<u>Custodial</u>
Assets	
Cash and pooled investments	\$ 2,013
Total assets	<u>2,013</u>
Net Position	
Restricted for other organizations	<u>2,013</u>
Total net position	<u>\$ 2,013</u>

See notes to basic financial statements.

UNITED COMMUNITY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Fiduciary Funds

Year ended June 30, 2024

	<u>Custodial</u>
Additions:	
None	\$ -
Deductions:	
None	<u>-</u>
Change in net position	-
Net position beginning of year	<u>2,013</u>
Net position end of year	<u><u>\$ 2,013</u></u>

See notes to basic financial statements.

UNITED COMMUNITY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

United Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through sixth and special education pre-kindergarten. The geographic area served includes the City of Boone, Iowa and the agricultural territory in Story and Boone 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 accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity:

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

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but 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 Story and Boone Counties 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.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (continued):

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 and contributions 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 is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

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

The Management Levy Fund is utilized to account for property tax and other revenues to be used for the payment of the District's insurance and early retirement benefits.

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

The District reports the following nonmajor proprietary funds:

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

The Enterprise, Preschool Fund is used to account for the daycare operations of the District.

The Enterprise, School Store Fund is used to account for vending services.

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

The Custodial Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Cash 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.

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 becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2023.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50
Improvements other than buildings	20
Right-to-use leased assets	5
Furniture and equipment	5 - 12

Leases – United 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 United Community School District determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Leases (continued) –

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

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments 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 assets 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, and contributions from the District after the measurement date but before the end of the District's reporting period.

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

Unearned Revenue – Proprietary funds defer revenue recognition in connection with resources that have been received, but not earned. Unearned revenue in governmental funds arises when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenue consists of meal revenue collected for services in the next school year.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Total OPEB Liability – For purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on United Community School District’s actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental and business type activities will be paid primarily by the General Fund and the Enterprise, School Nutrition Fund and Enterprise, Preschool Fund.

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2024, expenditures exceeded the amounts budgeted in the non-instructional programs function.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

F. Subsequent Events

Subsequent events have been evaluated through June 26, 2025, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2024 were entirely covered by Federal depository insurance or by the State Sinking 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, 2024, the District had investments in the Iowa School Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$378,955. 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.

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

Custodial Credit Risk – The District has no policy in place regarding custodial credit risk and deposits with financial institutions; however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does have a formal investment policy that limits operating fund (funds which are reasonably expected to be expended during a current budget year or within 15 months of receipts) investment maturities to 397 days or less.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 3. Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2024 is as follows:

Receivable Fund	Payable Fund	Amount
Management Levy	General	<u>\$ 97,138</u>

The General Fund is repaying the Management Levy Fund for expenditures paid in the prior year. The balance is to be repaid by June 30, 2025.

Note 4. Interfund Transfers

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

Transfer To	Transfer From	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 188,594
Debt Service	Capital Projects: Physical Plant and Equipment Levy	<u>249,049</u>
		<u>\$ 437,643</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2024 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 30,821	\$ -	\$ -	\$ 30,821
Total capital assets not being depreciated/amortized	30,821	-	-	30,821
Capital assets being depreciated/amortized:				
Buildings	11,510,890	151,068	-	11,661,958
Improvements other than buildings	944,006	-	-	944,006
Furniture and equipment	1,511,230	42,960	22,838	1,531,352
Right-to-use leased equipment	37,100	83,100	37,100	83,100
Total capital assets being depreciated/amortized	14,003,226	277,128	59,938	14,220,416
Less accumulated depreciation/amortization for:				
Buildings	3,774,681	317,324	-	4,092,005
Improvements other than buildings	722,694	22,773	-	745,467
Furniture and equipment	1,194,892	63,297	22,838	1,235,351
Right-to-use leased equipment	35,616	18,979	37,100	17,495
Total accumulated depreciation/amortization	5,727,883	422,373	59,938	6,090,318
Total capital assets being depreciated/amortized, net	8,275,343	(145,245)	-	8,130,098
Governmental activities capital assets, net	\$ 8,306,164	\$ (145,245)	\$ -	\$ 8,160,919
Business type activities:				
Furniture and equipment	\$ 166,093	\$ -	\$ -	\$ 166,093
Less accumulated depreciation	120,372	5,620	-	125,992
Business type activities capital assets, net	\$ 45,721	\$ (5,620)	\$ -	\$ 40,101

NOTES TO BASIC FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Depreciation/amortization expense was charged to the following functions:

Governmental activities:

Instruction:			
Regular			\$ 10,314
Other			2,074
Support services:			
Student			1,113
Instructional staff			4,408
Administration			19,128
Operation and maintenance of plant			16,140
Transportation			31,667
			<u>84,844</u>
Unallocated			<u>337,529</u>
			<u><u>\$ 422,373</u></u>

Business type activities:

Food service operations			<u><u>\$ 5,620</u></u>
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Note 6. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2024 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 1,995,000	\$ -	\$ 155,000	\$ 1,840,000	\$ 155,000
General obligation capital loan notes	1,320,000	-	215,000	1,105,000	215,000
Lease agreements	1,513	83,100	16,388	68,225	16,838
Early retirement	239,429	-	94,548	144,881	46,799
Net pension liability	990,203	116,776	-	1,106,979	-
Total OPEB liability	<u>1,584,257</u>	<u>173,924</u>	<u>612,972</u>	<u>1,145,209</u>	<u>-</u>
Total	<u><u>\$ 6,130,402</u></u>	<u><u>\$ 373,800</u></u>	<u><u>\$ 1,093,908</u></u>	<u><u>\$ 5,410,294</u></u>	<u><u>\$ 433,637</u></u>
Business type activities:					
Net pension liability	\$ 45,899	\$ 19,272	\$ -	\$ 65,171	\$ -
Total OPEB liability	<u>131,867</u>	<u>95,716</u>	<u>77,312</u>	<u>150,271</u>	<u>-</u>
Total	<u><u>\$ 177,766</u></u>	<u><u>\$ 114,988</u></u>	<u><u>\$ 77,312</u></u>	<u><u>\$ 215,442</u></u>	<u><u>\$ -</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS

Note 6. Long-term Liabilities (Continued)

General Obligation Capital Loan Notes: Details of the District’s June 30, 2024 general obligation capital loan note indebtedness is as follows:

Year Ending June 30	Issued June 10, 2021			
	Interest Rates	Principal	Interest	Total
2025	0.88%	\$ 215,000	\$ 12,744	\$ 227,744
2026	1.00%	220,000	10,863	230,863
2027	1.13%	220,000	8,663	228,663
2028	1.25%	225,000	6,188	231,188
2029	1.50%	225,000	3,374	228,374
		<u>\$ 1,105,000</u>	<u>\$ 41,832</u>	<u>\$ 1,146,832</u>

On June 10, 2021, the District issued \$1,750,000 of general obligation capital loan notes for building renovations. The notes bear interest at rates ranging from 0.50% to 1.50% per annum. During the year ended June 30, 2024, \$215,000 of principal and \$14,356 of interest was paid.

Revenue Bonds – Details of the District’s June 30, 2024 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30	Issued June 10, 2021			
	Interest Rates	Principal	Interest	Total
2025	1.00%	\$ 155,000	\$ 31,638	\$ 186,638
2026	1.13%	155,000	30,088	185,088
2027	1.25%	160,000	28,344	188,344
2028	1.38%	160,000	26,344	186,344
2029	1.50%	165,000	24,143	189,143
2030-2034	1.63 - 2.25%	860,000	77,956	937,956
2035	2.50%	185,000	4,625	189,625
		<u>\$ 1,840,000</u>	<u>\$ 223,138</u>	<u>\$ 2,063,138</u>

The District has pledged future statewide sales, services and use tax revenue to repay the \$2,300,000 of bonds issued in June 2021. The bonds were issued for the purpose of financing a portion of building renovations. 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 2035. 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 nearly 45.0% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$2,063,138. For the current year, \$155,000 of principal and \$32,994 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$508,370.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 6. Long-term Liabilities (Continued)

Lease Agreements – The District entered into a lease agreement for a copier system. The agreement requires monthly payments of \$1,519 over five years with an implicit interest rate of 3.86% and a final payment due April, 2028. During the year ended June 30, 2024, principal and interest paid were \$16,388 and \$2,705, respectively.

Year Ending June 30	Interest Rates	Principal	Interest	Total
2025	3.86%	\$ 16,838	\$ 2,338	\$ 19,176
2026	3.86%	17,500	1,676	19,176
2027	3.86%	18,187	989	19,176
2028	3.86%	15,700	279	15,979
		<u>\$ 68,225</u>	<u>\$ 5,282</u>	<u>\$ 73,507</u>

Early Retirement – The District approved a voluntary early retirement plan for employees. The plan was only offered to employees for one year. Eligible employees must have completed at least fifteen years of full-time service to the District and must have reached the age of fifty-five on or before June 30, 2022. The application for early retirement was subject to approval by the Board of Education.

Early retirement benefits include either 30.0% of regular salary lump sum payout or 35.0% of regular salary payment to a non-voluntary 403(b) plan. Early retirement benefits also includes the cost of the single insurance policy for the employee at the cost of the single insurance premium during the contract year until the employee becomes Medicare eligible, secures other employment that provides insurance coverage or dies.

At June 30, 2024, the District has obligations to six participants with a total liability of \$144,881. Actual early retirement expenditures for the year ended June 30, 2024 totaled \$94,548.

Note 7. Pension Plan

Plan Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by 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.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

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

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

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

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

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

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

In fiscal year 2024, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2024 totaled \$229,278.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the District reported a liability of \$1,172,150 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the District’s proportion was 0.025969%, which was a decrease of 0.001455% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$50,466. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 99,165	\$ 4,818
Changes of assumptions	-	19
Net difference between projected and actual earnings on IPERS' investments	108,555	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	7,546	156,266
District contributions subsequent to the measurement date	229,278	-
	<u>\$ 444,544</u>	<u>\$ 161,103</u>

\$229,278 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2025	\$ (78,281)
2026	(134,379)
2027	230,186
2028	32,815
2029	3,822
Total	<u>\$ 54,163</u>

There were no non-employer contributing entities to IPERS.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

Actuarial Assumptions – The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
	100.0%	

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

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’s 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’s 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-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 2,492,252	\$ 1,172,150	\$ 65,883

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

Payables to IPERS – At June 30, 2024, the District reported payables to IPERS of \$0 for legally required District contributions and \$0 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

Note 8. Other Postemployment Benefit (OPEB)

Plan Description – The District administers a single-employer health 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 United Community School District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Active employees	55
	<u>61</u>

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8. Other Postemployment Benefit (OPEB) (Continued)

Total OPEB Liability – The District’s total OPEB liability of \$1,295,480 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2024 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, 2024)	2.50% per annum.
Rates of salary increase (effective June 30, 2024)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2024)	3.97% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2024)	7.60% initial rate decreasing over several decades to an ultimate rate of 3.90%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.97% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the June 2022 Iowa Public Employees’ Retirement System (IPERS) demographic assumptions study, using Pub-2010 General Mortality tables with projected mortality improvements based on Scale MP-2021, and other adjustments. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability –

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 1,716,124
Changes for the year:	
Service cost	145,630
Interest	68,972
Differences between expected and actual experience	(540,451)
Changes in assumptions	55,038
Benefit payments	(149,833)
Net changes	<u>(420,644)</u>
Total OPEB liability end of year	<u>\$ 1,295,480</u>

Changes of assumptions reflect a change in the discount rate from 3.86% in fiscal year 2023 to 3.97% in fiscal year 2024.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8. Other Postemployment Benefit (OPEB) (Continued)

Sensitivity of the District’s Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.97%) or 1% higher (4.97%) than the current discount rate.

	1% Decrease (2.97%)	Discount Rate (3.97%)	1% Increase (4.97%)
Total OPEB liability	\$ 1,391,877	\$ 1,295,480	\$ 1,207,936

Sensitivity of the District’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.60%) or 1% higher (8.60%) than the current healthcare cost trend rates.

	1% Decrease (6.60%)	Healthcare Cost Trend Rate (7.60%)	1% Increase (8.60%)
Total OPEB liability	\$ 1,176,544	\$ 1,295,480	\$ 1,440,063

OPEB Expense – For the year ended June 30, 2024, the District recognized OPEB expense of \$(270,811). At June 30, 2024, the District used the GASB 75 Alternative Measurement Method which requires immediate expense recognition of changes due to experience and assumptions. Only investment gains and losses are amortized, and this does not apply to unfunded plans. Thus, deferred outflows and inflows of resources related to OPEB are not applicable to this plan.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 9. 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 general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2024.

Program	Amount
Limited English Proficient	\$ 15,575
Home School Assistance Program	82,724
Gifted and Talented Program	23,084
Teacher Leadership State Aid	62,900
Four-Year-Old Preschool State Aid	27,311
Teacher Salary Supplement	9,901
At-Risk Programs	8,017
Total	\$ 229,512

Note 10. 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 11. 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 \$177,078 for the year ended June 30, 2024 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 12. Tax Abatements

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

Tax Abatements of Other Entities – Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Boone offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements. Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2024 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Boone	Urban Renewal and Economic Development projects	\$ 1,799
	Chapter 404 tax abatement program	707
Boone County	Urban Renewal and Economic Development projects	124,435
City of Luther	Urban Renewal and Economic Development projects	43,103

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2024, the reimbursement amounted to a total of \$121,534.

Note 13. Change in Area Education Agency Funding

The Governor signed House File 2612 on March 27, 2024, which changes the percentage of educational and media services funding generated through local property taxes by Districts which flow through to each Area Education Agency (AEA) beginning July 1, 2024. For fiscal year 2025, 40% of the educational and media services funds generated by Districts will continue to flow through to each AEA, while 60% of the funding will be retained by the district that generated the funds.

REQUIRED SUPPLEMENTARY INFORMATION

UNITED COMMUNITY SCHOOL DISTRICT

**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN BALANCES -- BUDGET AND ACTUAL --
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS**

Required Supplementary Information
Year Ended June 30, 2024

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Revenues:			
Local sources	\$ 5,207,970	\$ 335,916	\$ 5,543,886
State sources	2,450,464	1,244	2,451,708
Federal sources	135,329	98,421	233,750
Total revenues	7,793,763	435,581	8,229,344
Expenditures/Expenses:			
Instruction	4,570,164	179,450	4,749,614
Support services	1,962,282	-	1,962,282
Non-instructional programs	-	259,334	259,334
Other expenditures	969,922	3,287	973,209
Total expenditures/expenses	7,502,368	442,071	7,944,439
Excess (deficiency) of revenues over (under) expenditures/expenses	291,395	(6,490)	284,905
Other financings sources, net	83,100	-	83,100
Change in balances	374,495	(6,490)	368,005
Balance, beginning of year	5,753,125	540,464	6,293,589
Balance, end of year	\$ 6,127,620	\$ 533,974	\$ 6,661,594

See notes to required supplementary information.

Budgeted Amounts		Final to Actual Variance
Original	Final	
\$ 5,580,030	\$ 5,580,030	\$ (36,144)
1,868,160	1,868,160	583,548
184,000	184,000	49,750
7,632,190	7,632,190	597,154
4,749,758	4,749,758	144
2,179,500	2,179,500	217,218
178,000	188,000	(71,334)
1,063,537	1,063,537	90,328
8,170,795	8,180,795	236,356
(538,605)	(548,605)	833,510
-	-	83,100
(538,605)	(548,605)	916,610
5,491,333	6,293,589	-
\$ 4,952,728	\$ 5,744,984	\$ 916,610

UNITED COMMUNITY

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

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

Required Supplementary

	2024	2023	2022	2021
District's proportion of the net pension liability	0.025969%	0.027424%	-0.011466%	0.030098%
District's proportionate share of the net pension liability	\$ 1,172	\$ 1,036	\$ 40	\$ 2,114
District's covered payroll	\$ 2,254	\$ 2,208	\$ 2,292	\$ 2,388
District's proportionate share of the net pension liability as a percentage of its covered payroll	52.00%	46.92%	1.75%	88.53%
IPERS' net position as a percentage of the total pension liability	90.13%	91.40%	100.81%	82.90%

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

See notes to required supplementary information.

	2020		2019		2018		2017		2016		2015
	0.030057%		0.030652%		0.028806%		0.028063%		0.026289%		0.027172%
\$	1,741	\$	1,940	\$	1,919	\$	1,766	\$	1,299	\$	1,078
\$	2,287	\$	2,304	\$	2,161	\$	2,010	\$	1,801	\$	1,780
	76.13%		84.20%		88.80%		87.86%		72.13%		60.56%
	85.45%		83.62%		82.21%		81.82%		85.19%		87.61%

UNITED COMMUNITY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS

Iowa Public Employees' Retirement System

For the Last Ten Years

(In Thousands)

Required Supplementary Information

	2024	2023	2022	2021
Statutorily required contribution	\$ 229	\$ 213	\$ 208	\$ 216
Contributions in relation to the statutorily required contribution	(229)	(213)	(208)	(216)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,429	\$ 2,254	\$ 2,208	\$ 2,292
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%

See notes to required supplementary information.

2020	2019	2018	2017	2016	2015
\$ 225	\$ 216	\$ 206	\$ 193	\$ 179	\$ 161
(225)	(216)	(206)	(193)	(179)	(161)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,388	\$ 2,287	\$ 2,304	\$ 2,161	\$ 2,010	\$ 1,801
9.44%	9.44%	8.93%	8.93%	8.93%	8.93%

UNITED COMMUNITY SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS**

**For the Last Seven Years
Required Supplementary Information**

	<u>2024</u>	<u>2023</u>
Service cost	\$ 145,630	\$ 145,152
Interest cost	68,972	65,177
Differences between expected and actual experience	(540,451)	(16,240)
Changes in assumptions	55,038	(23,665)
Benefit payments	(149,833)	(150,951)
Net change in total OPEB liability	<u>(420,644)</u>	19,473
Total OPEB liability beginning of year	<u>1,716,124</u>	1,696,651
Total OPEB liability end of year	<u>\$ 1,295,480</u>	<u>\$ 1,716,124</u>
Covered-employee payroll	\$ 2,294,946	\$ 1,999,274
Total OPEB liability as a percentage of covered-employee payroll	56.45%	85.84%

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

See notes to required supplementary information.

	2022	2021	2020	2019	2018
\$	232,202	\$ 197,570	\$ 178,285	\$ 173,937	\$ 176,046
	41,790	49,123	66,155	55,398	57,567
	(115,866)	(13,833)	(292,923)	-	-
	(319,216)	76,319	(42,130)	161,479	(6,850)
	(173,256)	(171,253)	(129,906)	(47,117)	(47,117)
	(334,346)	137,926	(220,519)	343,697	179,646
	2,030,997	1,893,071	2,113,590	1,769,893	1,590,247
\$	1,696,651	\$ 2,030,997	\$ 1,893,071	\$ 2,113,590	\$ 1,769,893
\$	2,152,344	\$ 1,951,920	\$ 1,847,970	\$ 1,860,442	\$ 1,676,648
	78.83%	104.05%	102.44%	113.61%	105.56%

UNITED COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION Year ended June 30, 2024

Note 1. Budgets and Budgetary Information

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 and Custodial Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$10,000.

During the year ended June 30, 2024, expenditures in the non-instructional programs function exceeded the amount budgeted.

Note 2. Iowa Public Employee's Retirement System Pension Liability

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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
Year ended June 30, 2024

Note 2. Iowa Public Employee’s Retirement System Pension Liability (Continued)

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.

Changes of assumptions (continued):

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%

Note 3. Schedule of Changes in the District’s Total OPEB Liability and Related Ratios

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

The 2024 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2024:

- Updated healthcare trend rates
- Updated claim costs and premiums

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

Year ended June 30, 2024	3.97%	Year ended June 30, 2020	2.45%
Year ended June 30, 2023	3.86%	Year ended June 30, 2019	3.13%
Year ended June 30, 2022	3.69%	Year ended June 30, 2018	3.62%
Year ended June 30, 2021	1.92%	Year ended June 30, 2017	3.56%

UNITED COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

UNITED COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
 Capital Projects Fund Accounts
 June 30, 2024

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 790,335	\$ 1,385,423	\$ 2,175,758
Receivables:			
Property tax:			
Delinquent	-	1,968	1,968
Succeeding year	-	695,110	695,110
Due from other governments	96,777	-	96,777
Total assets	\$ 887,112	\$ 2,082,501	\$ 2,969,613
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 159,140	\$ -	\$ 159,140
Total liabilities	159,140	-	159,140
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	695,110	695,110
Total deferred inflows of resources	-	695,110	695,110
Fund balances:			
Restricted for:			
School infrastructure	727,972	-	727,972
Physical plant and equipment	-	1,387,391	1,387,391
Total fund balances	727,972	1,387,391	2,115,363
Total liabilities, deferred inflows of resources and fund balances	\$ 887,112	\$ 2,082,501	\$ 2,969,613

UNITED COMMUNITY SCHOOL DISTRICT

**Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Capital Projects Fund Accounts
Year Ended June 30, 2024**

	Capital Projects		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:			
Local sources:			
Local tax	\$ -	\$ 655,020	\$ 655,020
Other	6,429	21,718	28,147
State sources	508,370	8,012	516,382
Federal sources	50,000	-	50,000
Total revenues	564,799	684,750	1,249,549
Expenditures:			
Current:			
Instruction:			
Regular	56,860	-	56,860
Support services:			
Instructional staff	-	68,694	68,694
Administration	-	198,579	198,579
Operation and maintenance of plant	-	60,344	60,344
Transportation	-	33,583	33,583
Other expenditures:			
Facilities acquisition	230,816	124,385	355,201
Total expenditures	287,676	485,585	773,261
Excess of revenues over expenditures	277,123	199,165	476,288
Other financing sources (uses):			
Proceeds from lease agreement	-	83,100	83,100
Transfers out	(188,594)	(249,049)	(437,643)
	(188,594)	(165,949)	(354,543)
Change in fund balances	88,529	33,216	121,745
Fund balances beginning of year	639,443	1,354,175	1,993,618
Fund balances end of year	\$ 727,972	\$ 1,387,391	\$ 2,115,363

UNITED COMMUNITY SCHOOL DISTRICT

**Schedule of Revenues by Source and Expenditures by Function -
All Governmental Funds
For the Last Ten Years**

	2024	2023	2022	2021
Revenues:				
Local sources:				
Local tax	\$ 3,805,244	\$ 3,869,705	\$ 3,890,089	\$ 4,170,132
Tuition	1,275,689	1,301,933	1,245,676	1,145,110
Other	127,037	95,018	100,921	60,491
State sources	2,450,464	2,281,628	2,320,987	2,354,956
Federal sources	135,329	239,951	199,679	174,038
Total revenues	\$ 7,793,763	\$ 7,788,235	\$ 7,757,352	\$ 7,904,727
Expenditures:				
Instruction:				
Regular	\$ 3,355,599	\$ 3,475,162	\$ 3,209,406	\$ 2,884,019
Special	787,029	712,076	730,617	984,529
Other	427,536	433,320	455,214	378,804
Support services:				
Student	98,636	76,395	114,874	128,099
Instructional staff	387,762	409,256	328,278	393,669
Administration	675,150	646,866	492,678	525,149
Operation and maintenance of plant	517,762	458,488	365,004	388,182
Transportation	282,972	281,575	197,674	169,224
Noninstructional programs:				
Community service operations	-	-	5,790	-
Other expenditures:				
Facilities acquisition	355,201	226,912	2,999,385	1,553,954
Long-term debt:				
Principal	386,388	387,964	365,000	-
Interest and fiscal charges	51,255	51,273	51,955	48,600
AEA flowthrough	177,078	175,684	175,918	178,183
Total expenditures	\$ 7,502,368	\$ 7,334,971	\$ 9,491,793	\$ 7,632,412

Modified Accrual Basis						
	2020	2019	2018	2017	2016	2015
\$	4,030,095	\$ 2,932,648	\$ 2,813,588	\$ 2,393,142	\$ 2,243,378	\$ 2,524,202
	1,321,010	1,123,704	1,109,272	1,138,537	972,292	649,740
	92,445	45,616	69,730	64,485	86,555	82,201
	2,365,667	2,237,313	2,013,568	1,842,071	1,716,575	1,572,862
	155,534	143,809	116,411	105,484	137,379	125,685
\$	7,964,751	\$ 6,483,090	\$ 6,122,569	\$ 5,543,719	\$ 5,156,179	\$ 4,954,690
\$	3,617,446	\$ 2,993,069	\$ 2,943,319	\$ 2,786,198	\$ 2,607,722	\$ 2,417,977
	1,116,812	941,310	930,113	799,962	764,749	407,276
	-	380,019	297,694	269,907	319,236	271,778
	106,776	153,123	100,815	97,112	113,088	96,914
	208,199	286,646	225,279	226,688	298,898	79,509
	635,390	538,703	505,789	470,811	398,186	381,556
	357,102	352,063	323,742	406,740	307,950	404,631
	297,540	298,670	323,491	234,062	235,447	331,766
	14,562	1,969	-	3,313	2,871	-
	1,025,231	110,843	243,680	1,020,043	167,064	259,304
	-	-	-	-	-	-
	-	-	-	-	-	-
	168,464	157,132	148,622	132,507	130,587	128,106
\$	7,547,522	\$ 6,213,547	\$ 6,042,544	\$ 6,447,343	\$ 5,345,798	\$ 4,778,817

**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***

UNITED COMMUNITY SCHOOL DISTRICT



**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
United Community School District
Boone, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of United Community School District as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 26, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Community School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of United 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 which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2024 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

United Community School District's Responses to Findings

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

Purpose of this Report

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

TrustPoint, LLP

Ames, Iowa
June 26, 2025

UNITED COMMUNITY SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Part I: Summary of Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with accounting principles generally accepted in the United States of America.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements:

Internal Control Deficiencies:

2024-001 Segregation of Duties

(Prior Year Comment 2023-001) Criteria: Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the District's financial statements.

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

1. Cash – handling and recording cash, posting and reconciling.
2. Investments – investing, recordkeeping, custody of investments and reconciling earnings.
3. Inventories – ordering, receiving, issuing and storing.
4. Receipts – collecting, recording, depositing, journalizing, posting and reconciling.
5. Disbursements – purchase order processing, check preparation, mailing and recording.
6. Capital assets – recording and reconciling.
7. Payroll – recordkeeping, preparation, posting, and distribution.
8. Financial reporting – preparing, reconciling and approving.
9. Computer systems – performing all general accounting functions and controlling all data input and output.
10. Journal entries – writing, approving and posting.

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

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

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2024

Part II: Findings Related to the Financial Statements (continued):

2024-001 Segregation of Duties (continued)

Recommendation: We 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.

Response and Corrective Action Planned: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

Part III: Other Findings Related To Required Statutory Reporting:

2024-A Certified Budget: Expenditures for the year ended June 30, 2024 exceeded the certified budget amounts in the non-instructional programs function.

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

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

Conclusion: Response accepted.

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

2024-C Travel Expense: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2024

Part III: Other Findings Related To Required Statutory Reporting (continued):

2024-D Business Transactions: Business transactions between the District and District officials or employees were noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Makenzie Weyhrich, daughter of Board Member	Preschool Associate	\$ 18,738

In accordance with Chapter 279.7A of the Code of Iowa the above transaction with a Board Member does not appear to represent a conflict of interest.

2024-E Restricted Donor Activity: No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2024-F Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

2024-G Board Minutes: No transactions requiring Board approval that had not been approved by the Board were noted.

2024-H Certified Enrollment: No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

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

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

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

2024-L Categorical Funding: No instances of categorical funding being used to supplant rather than supplement other funds were noted.

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2024

Part III: Other Findings Related To Required Statutory Reporting (continued):

2024-M Statewide Sales, Services and Use Tax: No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance		\$	639,443
Statewide sales, services and use tax	\$ 508,370		
Federal revenue	50,000		
Other local revenues	6,429		564,799
			1,204,242
Expenditures/transfers out:			
Equipment	56,860		
Facilities acquisition	230,816		
Transfer to debt service fund	188,594		476,270
			727,972
Ending balance		\$	727,972

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