

LISBON COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2022

LISBON COMMUNITY SCHOOL DISTRICT

Table of Contents

June 30, 2022

	<u>Page</u>
<b>Officials</b>	1
<b>Independent Auditor's Report</b>	2-5
<b>Management's Discussion and Analysis</b>	6-13
<b>Basic Financial Statements</b>	<u>Exhibit</u>
Government-wide Financial Statements	
Statement of Net Position	A 15-16
Statement of Activities	B 17-18
Governmental Fund Financial Statements	
Balance Sheet	C 19
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D 20
Statement of Revenues, Expenditures and Changes in Fund Balances	E 21-22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F 23
Proprietary Fund Financial Statements	
Statement of Net Position	G 24
Statement of Revenues, Expenses and Changes in Fund Net Position	H 25
Statement of Cash Flows	I 26
<b>Notes to Financial Statements</b>	27-47
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds	49
Notes to Required Supplementary Information - Budgetary Reporting	50
Schedule of the District's Proportionate Share of the Net Pension Liability	51
Schedule of District Contributions	52
Notes to Required Supplementary Information - Pension Liability	53
Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes	54

LISBON COMMUNITY SCHOOL DISTRICT  
 Table of Contents  
 June 30, 2022

<b>Supplementary Information</b>	<u>Schedule</u>	<u>Page</u>
Nonmajor Governmental Funds		
Combining Balance Sheet	1	56
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	57
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	58
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	4	59
Schedule of Expenditures of Federal Awards	5	60-61
 <b>Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u></b>		 62-63
 <b>Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance</b>		 64-66
 <b>Schedule of Findings and Questioned Costs</b>		 67-71
 <b>Audit Staff</b>		 72

LISBON COMMUNITY SCHOOL DISTRICT  
Officials  
June 30, 2022

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Jennifer Caspers	Board President	2023
Allan Mallie	Board Vice President	2025
John Prasil	Board Member	2023
Abbe Stensland	Board Member	2023
Robyn Richey	Board Member	2025
<b>School Officials</b>		
Pat Hocking	Superintendent	2022
Laurie Maher	Business Manager/Board Secretary	2023
Ahlers & Cooney, P.C.	Attorney	2023

# Kay L. Chapman, CPA PC

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Muscatine, Iowa 52761  
563-264-1385  
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## Independent Auditor's Report

To the Board of Education of Lisbon Community School District:

### Report on the Audit of the Financial Statements

#### Opinions

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

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

#### Basis for Opinions

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am required to be independent of Lisbon Community School District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my audit. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### Basis for Disclaimer of Opinion

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

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

#### Disclaimer of Opinion

Because the Foundation's financial statements have not been audited, the scope of my work was not sufficient to enable me to express, and I do not express, an opinion on the financial statements of the discretely presented component unit of the Lisbon Community School District, as of and for the year ended June 30, 2022.

#### Emphasis of a Matter

As discussed in Note 15 to the financial statements, Lisbon Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. My opinions are not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability (Asset), the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 6 through 13 and 49 through 54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary Information

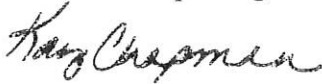
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lisbon Community School District's basic financial statements.

I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the six years ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the three years ended June 30, 2015 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information in Schedules 1 through 5 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated February 15, 2023 on my consideration of Lisbon Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Lisbon Community School District's internal control over financial reporting and compliance.



Kay L. Chapman, CPA PC  
February 15, 2023



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### 2022 FINANCIAL HIGHLIGHTS

- The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. At July 1, 2021, the District had no leases as defined by GASBS No. 87; therefore implementation of this standard had no effect on the beginning capital assets, liabilities or net position for governmental activities.
- General Fund revenues increased from \$8,540,071 in fiscal year 2021 to \$8,602,739 in fiscal year 2022. General Fund expenditures increased from \$8,135,566 in fiscal year 2021 to \$8,821,639 in fiscal year 2022. The District's General Fund balance decreased from \$2,185,232 in fiscal year 2021 to \$1,959,064 in fiscal year 2022, a decrease of 10%.
- The increase in General Fund revenues was attributable to increases in state source revenues in fiscal 2021. The increase in expenditures can be attributed to the increased cost of salaries and benefits, and increased building level expenditures.
- The District's solvency ratio (unassigned/General Fund revenues) decreased as compared to fiscal 2021. At June 30, 2021 the District's solvency ratio was 20.6% compared to 18.2% at June 30, 2022.

### 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 Lisbon 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 Lisbon Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds.

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

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

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

## **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 three categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program and daycare program are included here.
- *Component Unit:* This includes the activities of the Lisbon Community School District Foundation. The District receives significant financial benefits from the Foundation although they are legally separate entities.

### *Fund Financial Statements*

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

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

The District has two kinds of funds:

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

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

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

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

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

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, 2022 compared to June 30, 2021.

Figure A-1

#### Condensed Statement of Net Position

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2022	2021	2022	2021	2022	2021	2021-2022
Current and other assets	\$8,863,968	\$8,925,625	\$742,107	\$ 212,725	\$ 9,606,075	\$ 9,138,350	5.12%
Capital assets	<u>18,356,552</u>	<u>18,765,516</u>	<u>23,642</u>	<u>33,751</u>	<u>18,380,194</u>	<u>18,799,267</u>	-2.23%
Total assets	<u>27,220,520</u>	<u>27,691,141</u>	<u>765,749</u>	<u>246,476</u>	<u>27,986,269</u>	<u>27,937,617</u>	0.17%
Deferred outflows of resources	<u>551,756</u>	<u>1,084,914</u>	<u>108,667</u>	<u>156,013</u>	<u>660,423</u>	<u>1,240,927</u>	-46.78%
Long-term liabilities	11,015,289	15,796,485	61,485	643,376	11,076,774	16,439,861	-32.62%
Other liabilities	<u>647,470</u>	<u>745,007</u>	<u>173,140</u>	<u>168,324</u>	<u>820,610</u>	<u>913,331</u>	-10.15%
Total liabilities	<u>11,662,759</u>	<u>16,541,492</u>	<u>234,625</u>	<u>811,700</u>	<u>11,897,384</u>	<u>17,353,192</u>	-31.44%
Deferred inflows of resources	<u>6,153,215</u>	<u>3,507,671</u>	<u>524,717</u>	<u>351,114</u>	<u>6,677,932</u>	<u>3,858,785</u>	73.06%
Net position							
Net investment in capital assets	7,899,532	7,101,966	23,642	33,751	7,923,174	7,135,717	11.04%
Restricted	2,946,643	2,898,902	-	-	2,946,643	2,898,902	1.65%
Unrestricted	<u>(889,873)</u>	<u>(1,273,976)</u>	<u>91,432</u>	<u>(794,076)</u>	<u>(798,441)</u>	<u>(2,068,052)</u>	61.39%
Total net position	<u>\$9,956,302</u>	<u>\$8,726,892</u>	<u>\$115,074</u>	<u>\$(760,325)</u>	<u>\$10,071,376</u>	<u>\$ 7,966,567</u>	26.42%

The District's total net position increased by 26% or \$2,104,809 over the prior year.

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

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$47,741, or approximately 2%, over the prior year. The increase in restricted net position is mainly attributable to the increase in fund balance of the Capital Project – Statewide Sales, Services & Use Tax Fund and the Management Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$1,269,611, or 61%. This increase in unrestricted net position was a result of the District's additional state funding and operating grants.

Figure A-2 shows the changes in net position for the year ended June 30, 2022 compared to the year ended June 30, 2021.

Figure A-2  
Change in Net Position

	Governmental		Business Type		Total		Total Change
	Activities		Activities		District		
	2022	2021	2022	2021	2022	2021	2021-2022
Revenues							
Program revenues							
Charges for service	\$ 1,566,696	\$ 1,375,260	\$1,582,640	\$ 1,186,135	\$ 3,149,336	\$ 2,561,395	22.95%
Operating grants	1,477,021	1,525,540	761,200	431,207	2,238,221	1,956,747	14.38%
General revenues							
Property tax	3,397,349	3,450,059	-	-	3,397,349	3,450,059	-1.53%
Income surtax	83,799	91,424	-	-	83,799	91,424	-8.34%
Statewide sales, services and use tax	784,922	637,224	-	-	784,922	637,224	23.18%
Unrestricted state grants	3,595,800	3,291,786	-	-	3,595,800	3,291,786	9.24%
Contributions and donations	1,484	3,473	-	-	1,484	3,473	100.00%
Unrestricted investment earnings	13,778	25,441	1,296	1,351	15,074	26,792	-43.74%
Other	<u>107,550</u>	<u>217,424</u>	<u>-</u>	<u>-</u>	<u>107,550</u>	<u>217,424</u>	-50.53%
Total revenues	<u>11,028,399</u>	<u>10,617,631</u>	<u>2,345,136</u>	<u>1,618,693</u>	<u>13,373,535</u>	<u>12,236,324</u>	9.29%
Program expenses							
Governmental activities							
Instruction	5,840,573	6,329,267	-	-	5,840,573	6,329,267	-7.72%
Support services	2,738,099	2,699,716	-	-	2,738,099	2,699,716	1.42%
Non-instructional programs	-	-	1,469,737	1,736,355	1,469,737	1,736,355	-15.36%
Other expenses	<u>1,220,317</u>	<u>1,286,489</u>	<u>-</u>	<u>-</u>	<u>1,220,317</u>	<u>1,286,489</u>	-5.14%
Total expenses	<u>9,798,989</u>	<u>10,315,472</u>	<u>1,469,737</u>	<u>1,736,355</u>	<u>11,268,726</u>	<u>12,051,827</u>	-6.50%
Change in net position	1,229,410	302,159	875,399	(117,662)	2,104,809	184,497	-1040.84%
Net position beginning of year	<u>8,726,892</u>	<u>8,424,733</u>	<u>(760,325)</u>	<u>(642,663)</u>	<u>7,966,567</u>	<u>7,782,070</u>	2.37%
Net position end of year	<u>\$ 9,956,302</u>	<u>\$ 8,726,892</u>	<u>\$ 115,074</u>	<u>\$ (760,325)</u>	<u>\$10,071,376</u>	<u>\$ 7,966,567</u>	26.42%

In fiscal year 2022, property tax and unrestricted state grants accounted for approximately 63% of governmental activities revenue while charges for service and sales and operating grants accounted for almost 100% of business type activities revenue. The District's total revenues were

\$13,373,535, of which \$11,028,399 was for governmental activities and \$2,345,136 was for business type activities.

As shown in Figure A-2, the District as a whole experienced an increase in revenues of 9% and a 6% decrease in expenses. Operating grants, charges for services, and property tax revenues increased. Instruction and Other Program expenses decreased.

**Governmental Activities**

Revenues for governmental activities were \$11,028,399 and expenses were \$9,798,989 for the year ended June 30, 2022.

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

Figure A-3

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	<u>2022</u>	<u>2021</u>	<u>2021-2022</u>	<u>2022</u>	<u>2021</u>	<u>2021-2022</u>
Instruction	\$ 5,840,573	\$ 6,329,267	-7.7%	\$ 3,098,242	\$ 3,711,897	-16.5%
Support services	2,738,099	2,699,716	1.4%	2,734,324	2,696,422	1.4%
Other expenses	<u>1,220,317</u>	<u>1,286,489</u>	-5.1%	<u>922,706</u>	<u>1,006,353</u>	-8.3%
Total expenses	<u>\$ 9,798,989</u>	<u>\$ 10,315,472</u>	-5.0%	<u>\$ 6,755,272</u>	<u>\$ 7,414,672</u>	-8.9%

For the year ended June 30, 2022:

- The cost financed by users of the District’s programs was \$1,566,696.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,477,021.
- The net cost of governmental activities was financed with \$4,266,070 of property and other taxes and \$3,595,800 of unrestricted state grants.

**Business Type Activities**

Revenues for business type activities during the year ended June 30, 2022 were \$2,345,136 representing an increase of 45% over the prior year, while expenses totaled \$1,469,737, a decrease of approximately 15% from the prior year. The District’s business type activities include the School Nutrition Fund and Childcare Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2022, the District increased meal prices to cover additional costs related to the program. The District considers meal price increases only when deemed necessary to meet the obligations of the School Nutrition Fund and State of Iowa guidelines.

During the year ended June 30, 2022 the District also increased tuition in the Lisbon Early Childhood Center (LECC) to cover program costs. Salaries and benefits, and supply costs continue to increase, making it necessary to review tuition pricing annually.

## **INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$4,726,629 compared to \$4,731,211 from 2021. The decrease in combined fund balances reflects a minimal difference of \$4,582 for the year.

### **Governmental Fund Highlights**

- The District's General Fund financial position is the result of many factors. Increased revenue is partially due to sharing agreements and an increase in state source revenues. Expenditures increased during the year in the support services expense area.
- The General Fund balance decreased from \$2,185,232 in 2021 to \$1,959,064 in 2022, due to an increase in expenditures.
- The Management Fund balance increased from \$771,809 in 2021 to \$902,787 in 2022 due to increased property tax revenues.
- The Capital Projects - Statewide Sales, Services and Use Tax Fund balance increased from \$1,374,294 in 2021 to \$1,471,314 in 2022 due to increased sales tax revenues.
- The Debt Service fund balance increased from \$136,285 in 2021 to \$138,304 in 2022 due to increased tax revenues needed for long-term debt costs.

### **Proprietary Fund Highlights**

Enterprise Fund net position increased from \$(760,325) at June 30, 2021 to \$115,074 at June 30, 2022, a decrease of approximately 34%. This is due primarily to decreased net pension liability.

## **BUDGETARY HIGHLIGHTS**

The District amended its budget one time during the year ended June 30, 2022, increasing budgeted expenditures by \$575,000 to account for additional expenditures associated with additional programming offered and retention bonuses paid to staff.

The District's total revenues were \$931,475 more than budgeted revenues, a variance of approximately 7%. The most significant variance resulted from the District receiving more in unrestricted state grants than originally anticipated.

Total expenditures were \$1,103,417 less than budgeted, due primarily to decreased expenses in the instruction and other expense areas.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2022, the District had invested \$18,380,194 net of accumulated depreciation, 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 2%

from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$573,418.

The original cost of the District's capital assets was \$26,741,575. Governmental funds account for \$26,543,047, with the remainder of \$198,528 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the furniture and equipment category which decreased from \$208,095 in 2021 to \$203,089 in 2022. This decrease was a result of the annual depreciation expense.

Figure A-4

	Capital Assets, Net of Depreciation						
	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2021-</u> <u>2022</u>
Land	\$ 616,395	\$ 616,395	\$ -	\$ -	\$ 616,395	\$ 616,395	0.00%
Buildings and improvements	17,168,625	17,583,639	-	-	17,168,625	17,583,639	-2.36%
Improvements, other than buildings	392,085	391,138	-	-	392,085	391,138	0.24%
Furniture and equipment	<u>179,447</u>	<u>174,344</u>	<u>23,642</u>	<u>33,751</u>	<u>203,089</u>	<u>208,095</u>	-2.41%
Totals	<u>\$18,356,552</u>	<u>\$18,765,516</u>	<u>\$23,642</u>	<u>\$33,751</u>	<u>\$18,380,194</u>	<u>\$18,799,267</u>	-2.23%

### Long-Term Debt

At June 30, 2022, the District had \$11,076,774 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of approximately 33% from last year (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 of approximately \$10.5 million. The District received permission from the State of Iowa to exceed this limit.

Figure A-5

	Outstanding Long-term Obligations		
	Total		Total
	District		Change
	June 30,		June 30,
	<u>2022</u>	<u>2021</u>	<u>2021-2022</u>
General obligation bonds	\$ 7,715,000	\$ 8,255,000	-6.54%
Revenue bonds	2,360,000	2,740,000	-13.87%
Equipment purchase agreements	382,020	668,550	-42.86%
Termination benefits	216,475	62,390	246.97%
Compensated absences	20,818	12,135	71.55%
Net pension liability	69,988	3,624,343	-98.07%
Total OPEB liability	<u>250,988</u>	<u>434,067</u>	-42.18%
	<u>11,015,289</u>	<u>15,796,485</u>	-30.27%

Compensated absences	-	10,019	-100.00%
Net pension liability	13,784	550,843	-97.50%
Total OPEB liability	<u>47,701</u>	<u>82,514</u>	-42.19%
	<u>61,485</u>	<u>643,376</u>	-90.44%
	<u>\$11,076,774</u>	<u>\$16,439,861</u>	-32.62%

### **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- The Lisbon School District will continue to focus on attracting students through the continued growth of the LECC (Lisbon Early Childcare Center), 4-year-old state funded Preschool, additional class offerings at the secondary level, and sharing opportunities with other districts.
- The amount of supplemental state aid will continue to have a major impact on the District's finances, as the cost of salaries and benefits and operating expenses continue to increase annually.
- A shortage of available housing within the Lisbon School District boundaries will continue to have a negative impact on enrollment. Open enrollment numbers remain healthy, which helps to offset the negative housing impact.
- New open enrollment / private school legislation will have a negative impact on District funds, class offerings, and class sizes.

### **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 Laurie Maher, District Secretary/Treasurer and Business Manager, Lisbon Community School District, PO Box 839, 235 West School Street, Lisbon, Iowa, 52253.



## Basic Financial Statements

LISBON COMMUNITY SCHOOL DISTRICT  
Statement of Net Position  
June 30, 2022

Exhibit A

	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>	<u>Component</u>
<b>Assets</b>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Unit</u>
	<u>Foundation</u>			
Cash, cash equivalents and pooled investments	\$ 4,449,274	\$ 844,416	\$ 5,293,690	\$364,775
Receivables				
Property tax				
Delinquent	27,006	-	27,006	-
Succeeding year	3,488,938	-	3,488,938	-
Accounts receivable	19,005	9,596	28,601	-
Income surtaxes	42,941	-	42,941	-
Due from other governments	686,989	33,300	720,289	-
Internal balances	149,815	(149,815)	-	-
Inventories	-	4,610	4,610	-
Non-depreciable capital assets	616,395	-	616,395	-
Capital assets, net of accumulated depreciation	<u>17,740,157</u>	<u>23,642</u>	<u>17,763,799</u>	-
Total assets	<u>27,220,520</u>	<u>765,749</u>	<u>27,986,269</u>	<u>364,775</u>
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	<u>551,756</u>	<u>108,667</u>	<u>660,423</u>	-
<b>Liabilities</b>				
Accounts payable	134,797	49,781	184,578	-
Salaries and benefits payable	463,257	111,445	574,702	-
Unearned revenue	-	11,914	11,914	-
Accrued interest payable	49,416	-	49,416	-
Long-term liabilities				
Portion due within one year				
General obligation bonds payable	390,000	-	390,000	-
Revenue bonds payable	383,000	-	383,000	-
Equipment purchase agreements payable	124,641	-	124,641	-
Termination benefits payable	115,826	-	115,826	-
Total OPEB liability	17,605	-	17,605	-
Portion due after one year				
General obligation bonds payable	7,325,000	-	7,325,000	-
Revenue bonds payable	1,977,000	-	1,977,000	-
Equipment purchase agreements payable	257,379	-	257,379	-
Termination benefits payable	100,649	-	100,649	-
Compensated absences	20,818	-	20,818	-
Net pension liability	69,988	13,784	83,772	-
Total OPEB liability	<u>233,383</u>	<u>47,701</u>	<u>281,084</u>	-
Total liabilities	<u>11,662,759</u>	<u>234,625</u>	<u>11,897,384</u>	-

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT  
Statement of Net Position  
June 30, 2022

Exhibit A

	Governmental Activities	Business Type Activities	Total	Component Unit Foundation
<b>Deferred Inflows of Resources</b>				
Unavailable property tax revenue	\$ 3,488,938	\$ -	\$ 3,488,938	\$ -
Pension related deferred inflows	<u>2,664,277</u>	<u>524,717</u>	<u>3,188,994</u>	<u>-</u>
Total deferred inflows of resources	<u>6,153,215</u>	<u>524,717</u>	<u>6,677,932</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	7,899,532	23,642	7,923,174	-
Restricted for				
Categorical funding	444,969	-	444,969	-
Management levy	686,312	-	686,312	-
Physical plant and equipment	119,447	-	119,447	-
Student activities	135,713	-	135,713	-
Debt services	88,888	-	88,888	-
School infrastructure	1,471,314	-	1,471,314	-
Assigned for scholarships	-	-	-	364,775
Unrestricted	<u>(889,873)</u>	<u>91,432</u>	<u>(798,441)</u>	<u>-</u>
Total net position	<u>\$ 9,956,302</u>	<u>\$ 115,074</u>	<u>\$ 10,071,376</u>	<u>\$ 364,775</u>

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2022

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Component Unit	
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Primary Government		
					Governmental Activities		Business Type Activities
<b>Functions/Programs</b>							
<b>Primary Government</b>							
Governmental activities							
Instruction							
Regular instruction	\$ 4,117,319	\$ 1,013,891	\$ 1,139,732	\$ -	\$ (1,963,696)	\$ (1,963,696)	
Special instruction	827,163	299,689	35,552	-	(491,922)	(491,922)	
Other instruction	896,091	253,116	351	-	(642,624)	(642,624)	
	<u>5,840,573</u>	<u>1,566,696</u>	<u>1,175,635</u>	<u>-</u>	<u>(3,098,242)</u>	<u>(3,098,242)</u>	
Support services							
Student	175,136	-	-	-	(175,136)	(175,136)	
Instructional staff	398,246	-	-	-	(398,246)	(398,246)	
Administration	886,176	-	-	-	(886,176)	(886,176)	
Operation and maintenance of plant	1,002,204	-	-	-	(1,002,204)	(1,002,204)	
Transportation	276,337	-	3,775	-	(272,562)	(272,562)	
	<u>2,738,099</u>	<u>-</u>	<u>3,775</u>	<u>-</u>	<u>(2,734,324)</u>	<u>(2,734,324)</u>	
Other expenses							
Facilities acquisition	93,550	-	-	-	(93,550)	(93,550)	
Long-term debt interest	294,329	-	-	-	(294,329)	(294,329)	
AEA flowthrough	297,611	-	297,611	-	-	-	
Depreciation(unallocated) *	534,827	-	-	-	(534,827)	(534,827)	
	<u>1,220,317</u>	<u>-</u>	<u>297,611</u>	<u>-</u>	<u>(922,706)</u>	<u>(922,706)</u>	
Total governmental activities	<u>9,798,989</u>	<u>1,566,696</u>	<u>1,477,021</u>	<u>-</u>	<u>(6,755,272)</u>	<u>(6,755,272)</u>	

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

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2022

Exhibit B

Functions/Programs (continued) Primary Government (continued)	Program Revenues		Capital Grants, Contributions and Restricted Interest		Net (Expense) Revenue and Changes in Net Position		Component Unit
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total Foundation
Business type activities	\$ 870,554	\$ 1,344,089	\$ 229,173	\$ -	\$ -	\$ 702,708	\$ 702,708
Non-instructional programs	599,183	238,551	532,027	-	-	171,395	171,395
Daycare program	1,469,737	1,582,640	761,200	-	-	874,103	874,103
Food service operations	11,268,726	3,149,336	2,238,221	-	-	874,103	(5,881,169)
Total business type activities	<u>\$11,268,726</u>	<u>\$ 3,149,336</u>	<u>\$ 2,238,221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(6,755,272)</u>	<u>(5,881,169)</u>
Total primary government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,300)</u>
<b>Component Unit</b>							
Foundation							
<b>General Revenues</b>							
Property tax levied for							
General purposes							
Debt service							
Capital outlay							
Income surtax							
Statewide sales, services and use tax							
Unrestricted state grants							
Contributions and donations							
Unrestricted investment earnings							
Miscellaneous							
Total general revenues							
Change in net position							
Net position beginning of year							
Net position end of year							
	2,392,874	805,576	198,899	83,799	784,922	3,595,800	14,946
	805,576	198,899	83,799	784,922	3,595,800	1,484	-
	198,899	83,799	784,922	3,595,800	1,484	13,778	-
	83,799	784,922	3,595,800	1,484	13,778	107,550	-
	784,922	3,595,800	1,484	13,778	107,550	7,984,682	-
	3,595,800	1,484	13,778	107,550	7,984,682	1,296	-
	1,484	13,778	107,550	7,984,682	1,296	875,399	-
	13,778	107,550	7,984,682	1,296	875,399	(760,325)	-
	107,550	7,984,682	1,296	875,399	(760,325)	\$ 115,074	-
	7,984,682	1,296	875,399	(760,325)	\$ 115,074	\$ 10,071,376	-
	1,296	875,399	(760,325)	\$ 115,074	\$ 10,071,376	-	(65,090)
	875,399	(760,325)	\$ 115,074	\$ 10,071,376	-	-	(50,144)
	(760,325)	\$ 115,074	\$ 10,071,376	-	-	-	(51,444)
	\$ 115,074	\$ 10,071,376	-	-	-	-	416,219
	\$ 10,071,376	-	-	-	-	-	\$ 364,775

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2022

Exhibit C

Assets	<u>General</u>	<u>Special Revenue Management</u>	<u>Capital Projects Statewide Sales, Service and Use Tax</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Cash, cash equivalents and pooled investments	\$1,731,277	\$ 899,986	\$1,416,051	\$134,230	\$260,324	\$4,441,868
Receivables						
Property tax						
Delinquent	16,441	2,785	-	6,239	1,541	27,006
Succeeding year	1,987,170	449,999	-	843,218	208,551	3,488,938
Accounts receivable	623	-	-	-	18,382	19,005
Income surtax	42,941	-	-	-	-	42,941
Due from other governments	631,666	16	55,263	35	9	686,989
Due from other funds	149,815	-	-	-	-	149,815
Total assets	<u>\$4,559,933</u>	<u>\$1,352,786</u>	<u>\$1,471,314</u>	<u>\$983,722</u>	<u>\$488,807</u>	<u>\$8,856,562</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
Liabilities						
Accounts payable	\$ 107,501	\$ -	\$ -	\$ 2,200	\$ 25,096	\$ 134,797
Salaries and benefits payable	463,257	-	-	-	-	463,257
Total liabilities	<u>570,758</u>	<u>-</u>	<u>-</u>	<u>2,200</u>	<u>25,096</u>	<u>598,054</u>
Deferred inflows of resources						
Unavailable revenue						
Succeeding year property tax	1,987,170	449,999	-	843,218	208,551	3,488,938
Income surtax	42,941	-	-	-	-	42,941
Total deferred inflows of resources	<u>2,030,111</u>	<u>449,999</u>	<u>-</u>	<u>843,218</u>	<u>208,551</u>	<u>3,531,879</u>
Fund balances						
Restricted for						
Categorical funding	\$ 444,969	\$ -	\$ -	\$ -	\$ -	\$ 444,969
School infrastructure	-	-	1,471,314	-	-	1,471,314
Debt service	-	-	-	138,304	-	138,304
Student activities	-	-	-	-	135,713	135,713
Management levy purposes	-	902,787	-	-	-	902,787
Physical plant and equipment	-	-	-	-	119,447	119,447
Unassigned	1,514,095	-	-	-	-	1,514,095
Total fund balances	<u>1,959,064</u>	<u>902,787</u>	<u>1,471,314</u>	<u>138,304</u>	<u>255,160</u>	<u>4,726,629</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$4,559,933</u>	<u>\$1,352,786</u>	<u>\$1,471,314</u>	<u>\$983,722</u>	<u>\$488,807</u>	<u>\$8,856,562</u>

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT  
 Reconciliation of the Balance Sheet - Governmental Funds  
 to the Statement of Net Position  
 June 30, 2022

Exhibit D

**Total fund balances of governmental funds** \$ 4,726,629

**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. 18,356,552

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. 42,941

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. (49,416)

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	\$ 551,756	
Deferred inflows of resources	<u>(2,664,277)</u>	(2,112,521)

The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position. 7,406

Long-term liabilities, including equipment purchase agreements payable, bonds payable, early retirement payable, other postemployment benefits payable and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds. (11,015,289)

**Net position of governmental activities** \$ 9,956,302

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2022

Exhibit E

	<u>General</u>	<u>Special Revenue Management</u>	<u>Capital Projects Statewide Sales, Service and Use Tax</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>						
Local sources						
Local tax	\$2,154,241	\$350,101	\$ -	\$ 799,002	\$ 197,275	\$3,500,619
Tuition	1,310,344	-	-	-	-	1,310,344
Other	47,547	2,408	59,694	61	269,451	379,161
State sources	4,788,066	3,027	784,924	6,574	1,623	5,584,214
Federal sources	302,541	-	-	-	-	302,541
<b>Total revenues</b>	<u>8,602,739</u>	<u>355,536</u>	<u>844,618</u>	<u>805,637</u>	<u>468,349</u>	<u>11,076,879</u>
<b>Expenditures</b>						
Current						
Instruction						
Regular	4,249,800	47,215	-	-	-	4,297,015
Special	896,869	-	-	-	74	896,943
Other	762,869	-	-	-	208,817	971,686
	<u>5,909,538</u>	<u>47,215</u>	<u>-</u>	<u>-</u>	<u>208,891</u>	<u>6,165,644</u>
Support services						
Student	194,112	-	-	-	-	194,112
Instructional staff	411,913	-	-	-	-	411,913
Administration	944,569	17,340	-	-	-	961,909
Operation and maintenance of plant	889,638	73,073	-	-	57,838	1,020,549
Transportation	174,258	86,930	-	-	39,862	301,050
	<u>2,614,490</u>	<u>177,343</u>	<u>-</u>	<u>-</u>	<u>97,700</u>	<u>2,889,533</u>
Other expenditures						
Facilities acquisition	-	-	37,171	-	177,457	214,628
Long-term debt						
Principal	-	-	-	1,206,530	-	1,206,530
Interest and fiscal charges	-	-	-	307,515	-	307,515
AEA flowthrough	297,611	-	-	-	-	297,611
	<u>297,611</u>	<u>-</u>	<u>37,171</u>	<u>1,514,045</u>	<u>177,457</u>	<u>2,026,284</u>
<b>Total expenditures</b>	<u>8,821,639</u>	<u>224,558</u>	<u>37,171</u>	<u>1,514,045</u>	<u>484,048</u>	<u>11,081,461</u>

See notes to financial statements.



LISBON COMMUNITY SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2022

Exhibit E

	<u>General</u>	<u>Special Revenue Management</u>	<u>Capital Projects Statewide Sales, Service and Use Tax</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (218,900)	\$ 130,978	\$ 807,447	\$(708,408)	\$ (15,699)	\$ (4,582)
Other financing sources (uses)						
Transfers in	-	-	-	710,427	7,268	717,695
Transfers (out)	<u>(7,268)</u>	<u>-</u>	<u>(710,427)</u>	<u>-</u>	<u>-</u>	<u>(717,695)</u>
Total other financing sources (uses)	<u>(7,268)</u>	<u>-</u>	<u>(710,427)</u>	<u>710,427</u>	<u>7,268</u>	<u>-</u>
Change in fund balances	(226,168)	130,978	97,020	2,019	(8,431)	(4,582)
Fund balance, beginning of year	<u>2,185,232</u>	<u>771,809</u>	<u>1,374,294</u>	<u>136,285</u>	<u>263,591</u>	<u>4,731,211</u>
Fund balance, end of year	<u>\$1,959,064</u>	<u>\$902,787</u>	<u>\$1,471,314</u>	<u>\$ 138,304</u>	<u>\$ 255,160</u>	<u>\$4,726,629</u>

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT  
 Reconciliation of the Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2022

Exhibit F

**Change in fund balances - total governmental funds** \$ (4,582)

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

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

Expenditures for capital assets	\$ 154,345	
Depreciation expense	<u>(563,309)</u>	(408,964)

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, as follows:

Other	(48,483)
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The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.

2,176

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 are as follows:

Repaid	1,206,530
--------	-----------

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:

Termination benefits	(154,085)	
Compensated absences	(8,683)	
Pension expense	(33,340)	
Other postemployment benefits	<u>183,079</u>	(13,029)

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.

13,186

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.

482,576

**Change in net position of governmental activities** \$ 1,229,410

LISBON COMMUNITY SCHOOL DISTRICT  
Statement of Net Position  
Proprietary Funds  
June 30, 2022

Exhibit G

	Business Type Activity			Governmental
	Major	Major	Total	Activity
	LECCEC (Daycare)	School Nutrition	Enterprise Funds	Internal Service Fund
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 492,188	\$ 352,228	\$ 844,416	\$ 7,406
Accounts receivable	-	9,596	9,596	-
Due from other governments	14,359	18,941	33,300	-
Inventories	2,358	2,252	4,610	-
Total current assets	<u>508,905</u>	<u>383,017</u>	<u>891,922</u>	<u>7,406</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation	438	23,204	23,642	-
Total assets	<u>509,343</u>	<u>406,221</u>	<u>915,564</u>	<u>7,406</u>
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	<u>84,099</u>	<u>24,568</u>	<u>108,667</u>	<u>-</u>
<b>Liabilities</b>				
Current liabilities				
Due to other fund	149,815	-	149,815	-
Accounts payable	41,463	8,318	49,781	-
Accrued salaries and benefits	94,783	16,662	111,445	-
Unearned revenue	-	11,914	11,914	-
Total current liabilities	<u>286,061</u>	<u>36,894</u>	<u>322,955</u>	<u>-</u>
Noncurrent liabilities				
Total OPEB liability	7,919	39,782	47,701	-
Net pension liability	10,668	3,116	13,784	-
Total noncurrent liabilities	<u>18,587</u>	<u>42,898</u>	<u>61,485</u>	<u>-</u>
Total liabilities	<u>304,648</u>	<u>79,792</u>	<u>384,440</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Pension related deferred inflows	<u>406,087</u>	<u>118,630</u>	<u>524,717</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	438	23,204	23,642	-
Unrestricted	(117,731)	209,163	91,432	7,406
Total net position	<u>\$ (117,293)</u>	<u>\$ 232,367</u>	<u>\$ 115,074</u>	<u>\$ 7,406</u>

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2022

Exhibit H

	Business Type Activity			Governmental
	Major LECCEC (Daycare)	Major School Nutrition	Total Enterprise Funds	Activity Internal Service Fund
Operating revenue				
Local sources				
Charges for service	\$ 1,344,089	\$ 238,551	\$ 1,582,640	\$ -
Employee contributions	-	-	-	8,865
Total operating revenue	<u>1,344,089</u>	<u>238,551</u>	<u>1,582,640</u>	<u>8,865</u>
Operating expenses				
Non-instructional programs				
Food service operations				
Salaries	-	199,370	199,370	-
Benefits	-	54,476	54,476	-
Supplies	-	336,547	336,547	-
Miscellaneous	-	-	-	-
Depreciation	-	8,790	8,790	-
	<u>-</u>	<u>599,183</u>	<u>599,183</u>	<u>-</u>
Daycare program				
Salaries	772,559	-	772,559	-
Benefits	(83,959)	-	(83,959)	-
Supplies	180,635	-	180,635	-
Miscellaneous	-	-	-	-
Depreciation	1,319	-	1,319	-
	<u>870,554</u>	<u>-</u>	<u>870,554</u>	<u>-</u>
Other enterprise				
Benefits	-	-	-	6,692
Total non-instructional programs	<u>870,554</u>	<u>599,183</u>	<u>1,469,737</u>	<u>6,692</u>
Total operating expenses	<u>870,554</u>	<u>599,183</u>	<u>1,469,737</u>	<u>6,692</u>
Operating income (loss)	<u>473,535</u>	<u>(360,632)</u>	<u>112,903</u>	<u>2,173</u>
Non-operating revenues				
Interest income	616	680	1,296	3
State sources	-	3,177	3,177	-
Federal sources	229,173	528,850	758,023	-
Total non-operating revenues	<u>229,789</u>	<u>532,707</u>	<u>762,496</u>	<u>3</u>
Change in net position	703,324	172,075	875,399	2,176
Net position beginning of year	(820,617)	60,292	(760,325)	5,230
Net position end of year	<u>\$ (117,293)</u>	<u>\$ 232,367</u>	<u>\$ 115,074</u>	<u>\$ 7,406</u>

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2022

Exhibit I

	Business Type Activity			Governmental
	Major	Major	Total	Activity
	LECCEC (Daycare)	School Nutrition	Enterprise Funds	Internal Service Fund
Cash flows from operating activities				
Cash received from sale of services	\$ 1,344,089	\$ 243,737	\$ 1,587,826	\$ -
Cash received from other operations	-	-	-	8,865
Cash provided by payments to employees for services	(1,011,934)	(279,619)	(1,291,553)	(6,692)
Cash provided by payments to suppliers for goods and services	(178,260)	(319,050)	(497,310)	-
Net cash provided by (used in) operating activities	<u>153,895</u>	<u>(354,932)</u>	<u>(201,037)</u>	<u>2,173</u>
Cash flows from non-capital financing activities				
State grants received	-	3,177	3,177	-
Federal grants received	236,017	505,252	741,269	-
Net cash provided by non-capital financing activities	<u>236,017</u>	<u>508,429</u>	<u>744,446</u>	<u>-</u>
Cash flows from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Interest on investments	616	680	1,296	3
Net increase in cash and cash equivalents	390,528	154,177	544,705	2,176
Cash and cash equivalents, beginning of year	101,660	198,051	299,711	5,230
Cash and cash equivalents, end of year	<u>\$ 492,188</u>	<u>\$ 352,228</u>	<u>\$ 844,416</u>	<u>\$ 7,406</u>
<b>Reconciliation of operating income (loss) to</b>				
<b>net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 473,535	\$(360,632)	\$ 112,903	\$ 2,173
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	1,319	8,790	10,109	-
Commodities used	-	25,131	25,131	-
Change in assets and liabilities:				
Accounts receivable	-	6,903	6,903	-
Inventories	(181)	224	43	-
Deferred outflows of resources	39,156	8,190	47,346	-
Net pension liability	(434,206)	(102,853)	(537,059)	-
Deferred inflows of resources	123,302	50,301	173,603	-
Compensated absences	(10,019)	-	(10,019)	-
OPEB liability	(56,332)	21,519	(34,813)	-
Accounts payable	2,556	(7,858)	(5,302)	-
Unearned revenue	-	(1,717)	(1,717)	-
Accrued salaries and benefits	14,765	(2,930)	11,835	-
Net cash provided by (used in) operating activities	<u>\$ 153,895</u>	<u>\$(354,932)</u>	<u>\$ (201,037)</u>	<u>\$ 2,173</u>

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

During the year ended June 30, 2022, the District received \$25,131 of federal commodities.

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2022

**Note 1. Summary of Significant Accounting Policies**

Lisbon Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The District also operates a state-funded four-year-old preschool and an A/K program. The geographic area served includes the City of Lisbon, Iowa, and the predominate agricultural territory in Cedar, Linn, Jones and Johnson Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Lisbon 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. Lisbon Community School District has one component unit which meets the Governmental Accounting Standards Board criteria.

These financial statements present the Lisbon Community School District (the primary government) and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational or financial relationship with the District.

Discretely Presented Component Unit

The Lisbon Community School District Foundation was created to raise money through contributions and fundraisers to benefit the District. The Foundation is a separate legal entity with its own accounting records and board of trustees. The trustees are elected for 3-year terms from nominations submitted by the Board of Education of the District. The Foundation does not produce separately prepared financial statements. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented. The Foundation is accounted for as a Governmental Fund in these financial statements. The Foundation financial statements are shown in the Statement of Net Position and the Statement of Activities in separate columns. As explained in the Independent Auditor's opinion, the Foundation financial statements have not been audited.

## Jointly Governed Organization

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

### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the 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 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 and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds and proprietary funds are aggregated and reported as nonmajor governmental funds.

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 Special Revenue Management Levy Fund is utilized to account for the property tax and other revenues used for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

The Capital Projects Statewide Sales, Services and Use Tax Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets from the revenue of the Statewide Sales, Services and Use Tax.

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

The District reports two major proprietary funds. The LECCEC (Daycare) Fund is used to account for child care services provided by the District and the School Nutrition Fund is used to account for the food service operations of the District.

Additionally, the District reports an Internal Service Fund which is used to account for the flex-benefit plan for District employees.

### C. Measurement Focus and Basis of Accounting

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

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

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

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



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

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

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

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

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

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been

recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

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

Capital Assets - Capital assets, which include property, furniture and equipment 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 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.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 5,000
Buildings	\$ 5,000
Improvements other than buildings	\$ 5,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 5,000

Land and construction in progress are not depreciated. The other tangible property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	10-50 years
Improvements to buildings	20 years
Furniture and equipment	5-12 years

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

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

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

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

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

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

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

Total OPEB Liability - For purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on the Lisbon 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, the Enterprise, School Nutrition Fund and the Enterprise, LECCEC (Daycare) Fund.

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

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

Net position restricted through enabling legislation includes \$119,447 for physical plant and equipment, \$135,713 for student activities, \$1,471,314 for school infrastructure and \$686,312 for management levy purposes.

#### E. Budgets and Budgetary Accounting

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

F. Estimates

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

**Note 2. Cash, Cash Equivalents and Pooled Investments**

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

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

At June 30, 2022, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$369,083. There were no limitations or restrictions on withdrawals of the ISJIT investment. The investments with ISJIT were rated AAAM by Standard & Poor's Financial Services.

Component Unit Investments - The Foundation had investments in mutual funds totaling \$324,321 at June 30, 2022.

**Note 3. Due From and Due To Other Funds**

Details of interfund receivables and payables at June 30, 2022 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental	Major Enterprise	
General	LECCEC Daycare Fund	\$ 149,815

The LECCEC Daycare Fund owes the General Fund for salaries and benefits. These amounts are shown on the financial statements as a Due From and Due To Other Fund. These amounts are expected to be paid beginning in the year ending June 30, 2023.

#### Note 4. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Major Governmental	Major Capital Projects	
Debt Service	Statewide Sales, Service and Use Tax	\$ 710,427
Nonmajor Special Revenue	Major Governmental	
Student Activity	General	<u>7,268</u>
		<u>\$ 717,695</u>

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

#### Note 5. Capital Assets

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

	<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>End of</u> <u>Year</u>
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 616,395	\$ -	\$ -	\$ 616,395
Capital assets being depreciated:				
Buildings and improvements	23,608,500	63,298	-	23,671,798
Improvements other than buildings	845,527	43,907	-	889,434
Furniture and equipment	<u>1,318,280</u>	<u>47,140</u>	<u>-</u>	<u>1,365,420</u>
Total capital assets being depreciated	<u>25,772,307</u>	<u>154,345</u>	<u>-</u>	<u>25,926,652</u>
Less accumulated depreciation for:				
Buildings and improvements	6,024,861	478,312	-	6,503,173
Improvements other than buildings	454,389	42,960	-	497,349
Furniture and equipment	<u>1,143,936</u>	<u>42,037</u>	<u>-</u>	<u>1,185,973</u>
Total accumulated depreciation	<u>7,623,186</u>	<u>563,309</u>	<u>-</u>	<u>8,186,495</u>
Total capital assets being depreciated, net	<u>18,149,121</u>	<u>(408,964)</u>	<u>-</u>	<u>17,740,157</u>
Governmental activities capital assets, net	<u>\$ 18,765,516</u>	<u>\$ (408,964)</u>	<u>\$ -</u>	<u>\$ 18,356,552</u>
 <u>Business type activities</u>				
Furniture and equipment	\$ 198,528	\$ -	\$ -	\$ 198,528
Less accumulated depreciation	<u>164,777</u>	<u>10,109</u>	<u>-</u>	<u>174,886</u>
Business type activities capital assets, net	<u>\$ 33,751</u>	<u>\$ (10,109)</u>	<u>\$ -</u>	<u>\$ 23,642</u>

Depreciation expense was charged to the following functions:

**Governmental activities**

Instruction		
Regular	\$	2,690
Support services		
Operation and maintenance of plant		7,502
Transportation		<u>18,290</u>
		28,482
Unallocated		<u>534,827</u>
Total governmental activities depreciation expense	\$	<u>563,309</u>

**Business-type activities**

Food services	\$	8,790
Preschool program		<u>1,319</u>
Total business-type activities	\$	<u>10,109</u>

**Note 6. Long-term Liabilities**

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

	Balance, Beginning of Year,	Additions	Reductions	Balance, End of Year	Due Within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 8,255,000	\$ -	\$ 540,000	\$ 7,715,000	\$ 390,000
Revenue bonds	2,740,000	-	380,000	2,360,000	383,000
Equipment purchase agreements	668,550	-	286,530	382,020	124,641
Termination benefits	62,390	201,300	47,215	216,475	115,826
Compensated absences	12,135	8,683	-	20,818	-
Net pension liability	3,624,343	-	3,554,355	69,988	-
Total OPEB liability	<u>434,067</u>	<u>-</u>	<u>183,079</u>	<u>250,988</u>	<u>17,605</u>
Totals	<u>\$15,796,485</u>	<u>\$ 209,983</u>	<u>\$4,991,179</u>	<u>\$11,015,289</u>	<u>\$1,031,072</u>
<b>Business type activities</b>					
Compensated absences	\$ 10,019	\$ -	\$ 10,019	\$ -	\$ -
Net pension liability	550,843	-	537,059	13,784	-
Total OPEB liability	<u>82,514</u>	<u>21,519</u>	<u>56,332</u>	<u>47,701</u>	<u>-</u>
Totals	<u>\$ 643,376</u>	<u>\$ 21,519</u>	<u>\$ 603,410</u>	<u>\$ 61,485</u>	<u>\$ -</u>

Interest costs incurred and charged to expense on all long-term debt was \$294,329 for the year ended June 30, 2022. During the year ended June 30, 2022, the District made principal payments on total long-term debt of \$1,206,530.

### Termination Benefits

The Board reviews early retirement each year to determine whether or not to offer it to employees. The District offered a voluntary early retirement plan to its certified employees for the year ended June 30, 2022. An employee is deemed to be eligible for this program when they have completed at least ten years of consecutive contract service as a full-time certified employee with the Lisbon Community School District and will have attained at least fifty-five years of age on or before July 1 of the current fiscal year. The maximum number of eligible employees that can retire under the District's early retirement plan in any year is three employees, which is determined on a seniority basis. Employees must complete an application which is required to be approved by the Board of Education. An employee will be deemed to be in their first year of eligibility during the fiscal year in which they meet both longevity and age criteria for the first time. Early retirement benefits are equal to 50% of current base salary to be paid out equally in August of each of the two years following retirement into an HRA (Health Retirement Account).

At June 30, 2022 the District had obligations to seven former employees for a total of \$216,475.

### General Obligation Bonds

On May 16, 2018, the District issued \$9,210,000 of general obligation bonds to be used for the construction project that started during the year ended June 30, 2019 and was completed during the year ended June 30, 2022.

Details of the District's June 30, 2022 general obligation bond indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 16, 2018			
	Interest Rates	Principal	Interest	Total
2023	3.00%	\$ 390,000	\$ 247,219	\$ 637,219
2024	3.00%	405,000	235,519	640,519
2025	3.00%	420,000	223,369	643,369
2026	3.00%	430,000	210,769	640,769
2027	3.00%	445,000	197,869	642,869
2028-2032	3.00%	2,400,000	780,094	3,180,094
2033-2037	3.00-3.375%	2,750,000	395,875	3,145,875
2038	3.375-3.5%	<u>475,000</u>	<u>22,224</u>	<u>497,224</u>
Totals		<u>\$7,715,000</u>	<u>\$2,312,938</u>	<u>\$10,027,938</u>

### Revenue Bonds

Details of the District's June 30, 2022 statewide sales, services and use tax revenue bonded indebtedness are as follows:



Year Ending <u>June 30,</u>	Bond issue of October 28, 2020			
	Interest <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	1.10%	\$ 383,000	\$ 28,928	\$ 411,928
2024	1.15%	391,000	24,716	415,716
2025	1.20%	393,000	20,219	413,219
2026	1.25%	400,000	15,503	415,503
2027	1.30%	405,000	10,503	415,503
2027-2028	1.35%	<u>388,000</u>	<u>5,238</u>	<u>393,238</u>
Totals		<u>\$ 2,360,000</u>	<u>\$ 105,107</u>	<u>\$ 2,465,107</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,032,000 of bonds issued October 28, 2020. The bonds were issued for the purpose of refunding the statewide sales, services and use tax bond issued July 1, 2011. 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 2028. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 53% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$2,465,107 at June 30, 2022. For the current year, principal of \$380,000 and \$30,923 of interest was paid on the bonds. Total statewide sales, services and use tax revenues were \$637,224 for the year ended June 30, 2022.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) \$381 representing surplus proceeds will be deposited into the Bond Fund and will be used to pay a portion of the interest accruing on the bonds on the first interest payment date; and
- b) \$47,484 representing costs of issuing the bonds will be used within six months of the closing date to pay the costs of issuance of the bonds; and
- c) \$2,984,135, together with the \$425,865 from the prior Reserve Fund and \$45,956 accrued interest from the prior Sinking Fund, will be used together with earnings thereon to pay the principal, interest and redemption premium, if any, on the refunding bonds.

The District complied with all of the revenue bond provisions during the year ended June 30, 2022.

### Bond Refunding

In October of 2020, the District issued \$3,032,000 of school infrastructure sales, services and use tax revenue refunding bonds with interest rates ranging between 1.05% and 1.35%. The District issued the bonds to refund \$3,410,000 of the outstanding July 2011 statewide sales, services and use tax revenue bonds with interest rates of 3.25% to 4.35%. The District used the net proceeds to call and pay the balance of the 2011 bond issue on November 1, 2020.

The refunding reduced total debt service payments over the next seven years by \$430,603. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$390,979.

Equipment Purchase Agreements

On January 6, 2018 the District entered into an equipment purchase agreement for the purchase of student computers. The agreement bears interest at 2.861%. Four payments of \$109,520.29 are due annually beginning July 15, 2018. This agreement was paid in full as of June 30, 2022.

On April 20, 2021 the District entered into an equipment purchase agreement for the purchase of student computers. The agreement bears interest at 2.15%. Four payments of \$132,854 are due annually beginning July 10, 2021.

On February 26, 2021 the District entered into an equipment purchase agreement for the purchase of a bus. The agreement bears interest at 2.25%. Three payments of \$27,157 are due annually beginning April 1, 2021. This agreement was paid off early during the year ended June 30, 2022.

Details of the District’s June 30, 2022 equipment purchase agreement indebtedness are as follows:

Year Ending June 30,	Computer Purchase Agreement			
	Interest Rates	Principal	Interest	Total
2023	2.15%	\$ 124,641	\$ 8,213	\$ 132,854
2024	2.15%	127,321	5,534	132,855
2025	2.15%	<u>130,058</u>	<u>2,796</u>	<u>132,854</u>
Totals		<u>\$ 382,020</u>	<u>\$ 16,543</u>	<u>\$ 398,563</u>

**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](http://www.ipers.org).

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

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

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

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

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

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

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

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

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2022 totaled \$482,576.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of \$83,772 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the District's proportion was 0.059756%, which was a decrease of 0.000097 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$449,236. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 63,739	\$ 63,998
Changes of assumptions	54,794	-
Net difference between projected and actual earnings on IPERS' investments	-	3,035,198
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	59,318	89,798
District contributions subsequent to the measurement date	<u>482,572</u>	<u>-</u>
Total	<u>\$ 660,423</u>	<u>\$ 3,188,994</u>

\$482,572 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (733,238)
2024	(745,432)
2025	(702,324)
2026	(835,114)
2027	4,965
Total	<u>\$ (3,011,143)</u>

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	22.0 %	4.43 %
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	<u>3.0</u>	2.87
Total	<u>100.0</u> %	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS'

fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
District's proportionate share of the net pension liability	\$2,964,968	\$83,772	\$(2,330,853)

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

Payables to IPERS - At June 30, 2022, the District reported no payables to IPERS for legally required District contributions nor for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

**Note 8. Other Postemployment Benefits (OPEB)**

Plan Description - The District administers a single-employer benefit plan which provides medical, prescription drug and dental 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 Lisbon 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	<u>87</u>
Total	<u>87</u>

Total OPEB Liability - The District's total OPEB liability of \$298,689 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2022 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, 2022)	3.00% per annum.
Rates of salary increase (effective June 30, 2022)	3.50% per annum.
Discount rate (effective June 30, 2022)	3.54% per annum.
Healthcare cost trend rate (effective June 30, 2022)	4.04% per annum.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.54% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the PUB-2010 generational table, scaled using MP-2021 and applied on a gender-specific basis. 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	<u>\$ 516,581</u>
Changes for the year:	
Service cost	47,378
Interest	11,991
Differences between expected and actual experiences	(187,096)
Changes in assumptions	(72,560)
Benefit payments	<u>(17,605)</u>
Net changes	<u>(217,892)</u>
Total OPEB liability end of year	<u>\$ 298,689</u>

Changes of assumptions reflect a change in the discount rate from 2.16% in fiscal year 2021 to 3.54% in fiscal year 2022.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.54%) or 1% higher (4.54%) than the current discount rate.

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$242,000	\$298,689	\$371,000

Sensitivity of the District’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (3.04%) or 1% higher (5.04%) than the current healthcare cost trend rates.

	1% Decrease (3.04%)	Healthcare Cost Trend Rate (4.04%)	1% Increase (5.04%)
Total OPEB liability	\$244,000	\$298,689	\$367,000

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2022, the District recognized OPEB benefit of \$217,892. At June 30, 2022 the District reported no deferred inflows or outflows of resources related to OPEB.

**Note 9. 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 10. 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 \$297,611 for the year ended June 30, 2022 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**Note 11. Contingencies**

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2022, significant amounts of grant expenditures have not been audited by granting authorities, but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.



**Note 12. Deficit Net Position**

The District’s Enterprise Fund - LECCEC (Daycare) Fund had negative unrestricted net position of \$117,731 and negative total net position of \$117,293 at June 30, 2022. The District’s Governmental Activities had an unrestricted net position deficit of \$889,873 at June 30, 2022.

**Note 13. Categorical Funding**

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

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

<u>Program</u>	<u>Amount</u>
ESL	\$ 7,185
Gifted and talented	89,209
Teacher leadership	150,377
4 year old preschool	140,745
Foster care program	5,504
Teacher quality	19,358
Teacher salary supplement	10,096
Educator quality, professional development	<u>22,495</u>
	<u>\$444,969</u>

**Note 14. 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 Lisbon offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an

exemption of taxes based on a percentage of the actual value added by improvements. Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2022 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Lisbon	Economic development projects	\$35,946

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2022, this reimbursement amounted to \$16,949.

**Note 15. Accounting Change/Restatement**

Governmental Accounting Standards Board has issued Statement No. 87, Leases, was implemented during fiscal year 2022. The new requirements require the reporting of certain lease liabilities which were previously not reported. At July 1, 2021 the District had no leases as defined by GASB Statement No. 87; therefore, implementation of GASB Statement No. 87 did not result in any restatements to previously issued financial statements, beginning capital assets, liabilities or net position.

**Note 16. Subsequent Events**

The District has evaluated subsequent events through February 15, 2023 which is the date that the financial statements were available to be issued. In August 2022, the District issued \$8,190,000 of statewide sales, services and use tax bonds to help finance the construction of a Career and Technical Education facility and redeem the outstanding balance of the 2020 statewide sales services and use tax bonds. The project is expected to start in the spring of 2023 and be completed by the fall of 2024.

## Supplementary Information

LISBON COMMUNITY SCHOOL DISTRICT  
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual  
 All Governmental Funds and Enterprise Funds  
 Required Supplementary Information  
 For the Year Ended June 30, 2022

	Governmental Funds		Enterprise Funds		Total Actual	Budgeted Amounts		Final to Actual Variance
	Actual		Actual			Original	Final	
<b>Revenues</b>								
Local sources	\$ 5,190,124		\$ 1,583,936		\$ 6,774,060	\$ 6,631,087	\$ 6,631,087	\$ 142,973
State sources	5,584,214		3,177		5,587,391	5,544,453	5,544,453	42,938
Federal sources	302,541		758,023		1,060,564	315,000	315,000	745,564
Total revenues	<u>11,076,879</u>		<u>2,345,136</u>		<u>13,422,015</u>	<u>12,490,540</u>	<u>12,490,540</u>	<u>931,475</u>
<b>Expenditures/Expenses</b>								
Instruction	6,165,644		-		6,165,644	5,825,000	6,200,000	34,356
Support services	2,889,533		-		2,889,533	3,150,000	3,150,000	260,467
Non-instructional programs	-		1,469,737		1,469,737	1,755,000	1,955,000	485,263
Other expenditures	2,026,284		-		2,026,284	2,349,615	2,349,615	323,331
Total expenditures/expenses	<u>11,081,461</u>		<u>1,469,737</u>		<u>12,551,198</u>	<u>13,079,615</u>	<u>13,654,615</u>	<u>1,103,417</u>
Change in fund balance	(4,582)		875,399		870,817	(589,075)	(1,164,075)	2,034,892
Balance, beginning of year	4,731,211		(760,325)		3,970,886	4,221,143	4,221,143	(250,257)
Balance, end of year	<u>\$ 4,726,629</u>		<u>\$ 115,074</u>		<u>\$ 4,841,703</u>	<u>\$ 3,632,068</u>	<u>\$ 3,057,068</u>	<u>\$ 1,784,635</u>

See accompanying Independent Auditor's Report.

LISBON COMMUNITY SCHOOL DISTRICT  
Notes to Required Supplementary Information – Budgetary Reporting  
For the Year Ended June 30, 2022

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary 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 Internal Service Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses 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 ended June 30, 2022, the District amended its budget one time, increasing expenditures by \$575,000.

LISBON COMMUNITY SCHOOL DISTRICT  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Iowa Public Employees' Retirement System  
For the Last Eight Years\*  
Required Supplementary Information

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.059756%	0.059853%	0.062052%	0.060244%	0.059506%	0.058675%	0.059102%	0.061460%
District's proportionate share of the net pension liability	\$ 83,772	\$ 4,175,186	\$ 3,617,371	\$ 3,811,187	\$ 3,928,397	\$ 3,659,143	\$ 2,938,244	\$ 2,487,344
District's covered payroll	\$ 4,855,677	\$ 4,719,488	\$ 4,754,137	\$ 4,525,900	\$ 4,402,104	\$ 4,172,575	\$ 4,074,428	\$ 4,104,009
District's proportionate share of the net pension liability as a percentage of its covered payroll	1.73%	88.47%	76.09%	84.21%	89.24%	87.70%	72.11%	60.61%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 482,576	\$ 458,457	\$ 445,520	\$ 448,790	\$ 404,163	\$ 393,108	\$ 372,611	\$ 363,846	\$ 366,488	\$ 327,277
Contributions in relation to the statutorily required contribution	<u>(482,576)</u>	<u>(458,457)</u>	<u>(445,520)</u>	<u>(448,790)</u>	<u>(404,163)</u>	<u>(393,108)</u>	<u>(372,611)</u>	<u>(363,846)</u>	<u>(366,488)</u>	<u>(327,277)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$5,112,031	\$4,855,677	\$4,719,488	\$4,754,137	\$4,525,900	\$4,402,104	\$4,172,575	\$4,074,428	\$4,104,009	\$3,774,821
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%

See accompanying Independent Auditor's Report.

LISBON COMMUNITY SCHOOL DISTRICT  
Notes to Required Supplementary Information – Pension Liability  
For the Year Ended June 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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



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

	2022	2021	2020	2019	2018
Service cost	\$ 47,378	\$ 54,464	\$ 46,376	\$ 39,626	\$ 38,149
Interest cost	11,991	11,205	17,230	13,562	12,648
Difference between expected and actual experiences	(187,096)	-	(191,245)	67,318	-
Changes in assumptions	(72,560)	4,562	143,433	24,484	(18,732)
Benefit payments	(17,605)	(12,440)	(5,840)	(13,951)	(5,890)
Net change in total OPEB liability	(217,892)	57,791	9,954	131,039	26,175
Total OPEB liability beginning of year	516,581	458,790	448,836	317,797	291,622
Total OPEB liability end of year	<u>\$ 298,689</u>	<u>\$ 516,581</u>	<u>\$ 458,790</u>	<u>\$ 448,836</u>	<u>\$ 317,797</u>
Covered-employee payroll	\$ 4,453,943	\$ 4,153,892	\$ 4,107,709	\$ 4,808,000	\$ 4,645,428
Total OPEB liability as a percentage of covered-employee payroll	6.71%	12.44%	11.17%	9.34%	6.84%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

The 2022 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2022.

Changed mortality assumptions to the PUB-2010 tables.

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, 2022	3.54%
Year ended June 30, 2021	2.16%
Year ended June 30, 2020	2.21%
Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	4.50%

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

## Supplementary Information

LISBON COMMUNITY SCHOOL DISTRICT  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2022

Schedule 1

	<u>Special Revenue Student Activity</u>	<u>Capital Projects Physical Plant and Equipment Levy</u>	<u>Total</u>
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 122,793	\$ 137,531	\$ 260,324
Receivables			
Property tax			
Delinquent	-	1,541	1,541
Succeeding year	-	208,551	208,551
Accounts receivable	18,382	-	18,382
Due from other governments	-	9	9
Total assets	<u>\$ 141,175</u>	<u>\$ 347,632</u>	<u>\$ 488,807</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities			
Accounts payable	<u>\$ 5,462</u>	<u>\$ 19,634</u>	<u>\$ 25,096</u>
Deferred inflows of resources			
Unavailable revenue			
Succeeding year property tax	<u>-</u>	<u>208,551</u>	<u>208,551</u>
Fund balances			
Restricted for			
Student activities	135,713	-	135,713
Physical plant and equipment	-	119,447	119,447
Total fund balances	<u>135,713</u>	<u>119,447</u>	<u>255,160</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 141,175</u>	<u>\$ 347,632</u>	<u>\$ 488,807</u>

See accompanying Independent Auditor's Report.

LISBON COMMUNITY SCHOOL DISTRICT  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2022

Schedule 2

	<u>Special Revenue</u>	<u>Capital Projects</u>		
	<u>Student Activity</u>	<u>Building Project</u>	<u>Physical Plant and Equipment Levy</u>	<u>Total</u>
Revenues				
Local sources				
Local taxes	\$ -	\$ -	\$197,275	\$ 197,275
Other	256,979	-	12,472	269,451
State sources	-	-	1,623	1,623
Total revenues	<u>256,979</u>	<u>-</u>	<u>211,370</u>	<u>468,349</u>
Expenditures				
Current				
Instruction				
Special	74	-	-	74
Other	208,817	-	-	208,817
Total instruction	<u>208,891</u>	<u>-</u>	<u>-</u>	<u>208,891</u>
Support services				
Operation and maintenance of plant	-	-	57,838	57,838
Transportation	-	-	39,862	39,862
Total support services	<u>-</u>	<u>-</u>	<u>97,700</u>	<u>97,700</u>
Other expenditures				
Facilities acquisition	-	6	177,451	177,457
Total expenditures	<u>208,891</u>	<u>6</u>	<u>275,151</u>	<u>484,048</u>
Excess (deficiency) of revenues over (under) expenditures	48,088	(6)	(63,781)	(15,699)
Other financing sources				
Transfers in	7,268	-	-	7,268
Change in fund balances	55,356	(6)	(63,781)	(8,431)
Fund balances, beginning of year	80,357	6	183,228	263,591
Fund balances, end of year	<u>\$135,713</u>	<u>\$ -</u>	<u>\$119,447</u>	<u>\$ 255,160</u>

See accompanying Independent Auditor's Report.

LISBON COMMUNITY SCHOOL DISTRICT  
Schedule of Changes in Special Revenue Fund, Student Activity Accounts  
For the Year Ended June 30, 2022

Schedule 3

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Cheerleaders	\$ -	\$ 951	\$ 951	\$ -
Dance team	6,221	2,435	848	7,808
Boys' basketball	22	10,344	9,867	499
Boys' football	342	32,461	18,267	14,536
Boys' baseball	-	15,796	11,968	3,828
Boys' track	-	17,248	17,248	-
Boys' golf	-	2,342	2,342	-
Boys' wrestling	-	13,260	13,258	2
Girls' basketball	-	5,433	5,433	-
Girls' volleyball	4,635	7,480	5,948	6,167
Girls' softball	-	13,647	10,374	3,273
Girls' track	802	5,193	5,995	-
Girls' golf	-	2,834	2,834	-
Athletics	8,430	30,695	24,176	14,949
Drama	7,416	6,297	3,439	10,274
National Honor Society	-	367	367	-
Speech	-	2,165	2,034	131
Yearbook	6,495	4,680	6,864	4,311
Student council	7,192	3,029	3,089	7,132
Lego league/robotics	283	-	25	258
Prom	2,215	2,750	1,938	3,027
Spanish club	390	-	-	390
Activity interest	251	317	-	568
PTO	-	124	-	124
Band trip	1,999	3,095	1,447	3,647
Concessions	8,800	72,085	56,966	23,919
Music boosters	24,658	9,219	3,007	30,870
Art club	206	-	206	-
Totals	<u>\$ 80,357</u>	<u>\$ 264,247</u>	<u>\$ 208,891</u>	<u>\$ 135,713</u>

See accompanying Independent Auditor's Report.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues</b>						<b>Modified Accrual Basis</b>				
Local sources										
Local tax	\$ 3,500,619	\$ 3,467,085	\$ 3,302,492	\$ 3,202,566	\$ 2,899,149	\$ 2,708,188	\$ 2,685,764	\$ 2,565,352	\$ 2,394,466	\$ 2,942,411
Tuition	1,310,344	1,222,530	1,113,868	1,027,902	891,921	774,670	754,024	655,522	535,027	460,870
Other	379,161	399,065	379,317	498,115	309,155	299,737	349,277	364,339	279,789	332,541
State sources	5,584,214	5,120,640	4,975,885	4,913,239	5,046,624	5,239,705	4,944,592	4,989,398	4,692,713	3,801,753
Federal sources	302,541	356,348	121,053	95,172	93,254	98,182	97,589	109,461	95,632	153,359
<b>Total revenues</b>	<b>\$11,076,879</b>	<b>\$10,565,668</b>	<b>\$ 9,892,615</b>	<b>\$ 9,736,994</b>	<b>\$9,240,103</b>	<b>\$ 9,120,482</b>	<b>\$ 8,831,246</b>	<b>\$8,684,072</b>	<b>\$7,997,627</b>	<b>\$ 7,690,934</b>
<b>Expenditures</b>										
Current										
Instruction										
Regular	\$ 4,297,015	\$ 5,007,228	\$ 3,930,712	\$ 3,950,327	\$ 4,373,942	\$ 3,755,629	\$ 3,685,611	\$ 4,077,090	\$ 3,638,209	\$ 3,505,811
Special	896,943	759,313	727,497	649,772	617,219	544,793	652,504	763,133	742,830	713,063
Other	971,686	535,105	688,218	723,550	760,562	656,902	533,108	536,141	529,877	485,289
Support services										
Student	194,112	186,322	195,899	188,892	190,802	188,635	185,911	175,305	162,396	157,773
Instructional staff	411,913	333,212	307,633	290,361	310,023	246,252	224,100	210,483	402,405	283,643
Administration	961,909	925,567	955,954	907,802	889,479	960,120	816,008	783,564	688,074	699,764
Operation and maintenance of plant	1,020,549	891,946	873,324	728,749	746,474	848,770	728,898	678,734	692,589	693,549
Transportation	301,050	272,432	286,705	210,769	299,007	195,597	198,322	367,112	230,662	302,607
Other expenditures										
Facilities acquisition	214,628	154,375	2,810,544	6,366,457	619,824	115,077	27,506	390,407	344,368	1,427,230
Long-term debt										
Principal	1,206,530	4,202,344	743,355	793,355	630,545	683,303	506,107	695,045	540,000	635,184
Interest and other charges	307,515	415,088	437,511	447,561	184,474	205,950	220,896	237,350	253,159	268,942
AEA flowthrough	297,611	280,136	277,509	277,434	278,393	273,887	277,033	278,066	258,183	243,802
<b>Total expenditures</b>	<b>\$11,081,461</b>	<b>\$13,963,068</b>	<b>\$12,234,861</b>	<b>\$15,535,029</b>	<b>\$9,900,744</b>	<b>\$ 8,674,915</b>	<b>\$ 8,056,004</b>	<b>\$9,192,430</b>	<b>\$8,482,752</b>	<b>\$ 9,416,657</b>

Lisbon Community School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

Schedule 5

<b><u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u></b>	<b><u>Federal Assistance Listing Number</u></b>	<b><u>Pass-through Entity Identifying Number</u></b>	<b><u>Expenditures</u></b>
Indirect			
U.S. Department of Agriculture			
Passed through Iowa Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	FY22	\$ 86,891
National School Lunch Program	10.555	FY22	441,959 *
Total Child Nutrition Cluster			528,850
Child and Adult Care Program	10.558	FY22	66,196
Total U.S. Department of Agriculture			595,046
U.S. Department of Education			
Passed through Iowa Department of Education			
Title I Grants to Local Education Agencies	84.010	FY22	47,369
Special Education Grants to States	84.027	FY22	4,178
Supporting Effective Instruction State Grants (Title IIA)	84.367	FY22	14,644
Student Support and Academic Enrichment Program (Title IV-A)	84.424	FY22	10,000
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act (CARES) Cluster			
Relief II (ESSER III) Funds	84.425U	FY22	143,304
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER III) Funds - Teacher Retention Bonus	84.425U	FY22	51,672
Total Education Stabilization Fund Under CARES Cluster			194,976
Total Iowa Department of Education			271,167
Passed through Grant Wood Area Education Agency			
Special Education Grants to States	84.027	FY22	27,083
Career and Technical Education - Tech-Prep Education	84.048	FY22	4,291
Total passed through Grant Wood Area Education Agency			31,374
Total U.S. Department of Education			302,541
U.S. Department of Health and Human Services			
Passed through Iowa Department of Education			
Head Start	93.600	FY22	162,977
Total federal expenditures			\$ 1,060,564

\* includes \$25,131 of non-cash awards

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

See accompanying Independent Auditor's Report.

Lisbon Community School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

Schedule 5

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

**Indirect Cost Rate** - Lisbon Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

**Subrecipients** - There were no awards passed through to subrecipients by Lisbon Community School District.

See accompanying Independent Auditor's Report.



# Kay L. Chapman, CPA PC

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

To the Board of Education of Lisbon Community School District:

Except as discussed in the following paragraph, I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Lisbon Community School District as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated February 15, 2023.

I did not issue an opinion on the Lisbon Community School District Foundation, which is included in the District's financial statements as a discretely presented component unit, because I was not engaged to and did not audit the Foundation.

## Report on Internal Control Over Financial Reporting

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

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

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

#### Report on Compliance and Other Matters

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

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

#### Lisbon Community School District's Responses to the Findings

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

#### Purpose of this Report

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

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



Kay L. Chapman, CPA PC  
February 15, 2023

# Kay L. Chapman, CPA PC

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

To the Board of Education of Lisbon Community School District:

### Report on Compliance for Each Major Federal Program

### Opinion on Each Major Federal Program

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

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

### Basis for Opinion on Each Major Federal Program

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

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

## Responsibilities of Management for Compliance

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

## Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

## Report on Internal Control over Compliance

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

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. I consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002 to be a material weakness.

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

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

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



Kay L. Chapman, CPA PC

February 15, 2023

LISBON COMMUNITY SCHOOL DISTRICT  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2022

**I. Summary of Independent Auditor's Results**

**Financial Statements**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?
- Noncompliance material to financial statements noted?

<u>  X  </u> Yes	<u>      </u> No
<u>      </u> Yes	<u>  X  </u> None reported
<u>      </u> Yes	<u>  X  </u> No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

<u>  X  </u> Yes	<u>      </u> No
<u>      </u> Yes	<u>  X  </u> None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?

<u>  X  </u> Yes	<u>      </u> No
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**Identification of major program(s):**

FAL Number    Name of Federal Program or Cluster

Child Nutrition Cluster

- |        |   |
|--------|---|
| 10.553 | School Breakfast Program                              |
| 10.555 | National School Lunch Program - Commodities - Noncash |
| 10.555 | National School Lunch Program                         |

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

<u>      </u> Yes	<u>  X  </u> No
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LISBON COMMUNITY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022

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

INTERNAL CONTROL DEFICIENCY

MATERIAL WEAKNESS

2022-001 Segregation of Duties

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

Condition - I noted that the same individual performed the following duties: recording and processing of cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information.

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

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

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2021-001.

Recommendation - I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials, to provide additional controls through review of financial transactions, reconciliations and reports. These independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

LISBON COMMUNITY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022

Views of Responsible Officials and Planned Corrective Actions - We will review our procedures and implement changes to improve internal control, as we deem necessary.

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

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

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

INTERNAL CONTROL DEFICIENCY

**FAL Number 10.553: School Breakfast Program**

**FAL Number 10.555: National School Lunch Program**

**FAL Number 10.555: National School Lunch Program – Noncash Commodities**

**Pass-through Entity Identifying Number: N/A**

**Federal Award Year: 2022**

**Prior Year Finding Number: 2021-002**

**U.S. Department of Agriculture**

**Passed through the Iowa Department of Education**

MATERIAL WEAKNESS

2022-002 Segregation of Duties

The District did not properly segregated custody, record-keeping and reconciling functions for revenues and expenditures, including those related to federal programs. See 2022-001.

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

1. Certified Budget - Expenditures for the year ended June 30, 2022 did not exceed the amounts budgeted.
2. Questionable Expenditures - No expenditures were noted that I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.



LISBON COMMUNITY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022

4. Business Transactions - No business transactions between the District and District officials or employees were noted.
5. Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
6. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
7. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.
8. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education was noted.
9. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
10. Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
11. Certified Annual Reports - The Certified Annual Report was certified timely to the Iowa Department of Education.
12. Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
13. Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2022, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

LISBON COMMUNITY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022

Beginning balance		\$ 1,374,294
Revenues		
Statewide sales and services tax revenue	\$ 784,924	
Interest earned	4,594	
Miscellaneous	<u>55,100</u>	844,618
Expenditures/transfers out		
School infrastructure		
School infrastructure construction	\$ 31,289	
Equipment	5,882	
Transfers to other fund		
Debt service fund	<u>710,427</u>	<u>747,598</u>
Ending balance		<u>\$ 1,471,314</u>

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

14. Deficit Net Position - The District's governmental activities had a negative unrestricted net position of \$889,873 at June 30, 2022. The District's Enterprise Fund - LECCEC (Daycare) Fund had negative unrestricted net position of \$117,731 and negative total net position of \$117,293 at June 30, 2022.

Recommendation - The District should continue to monitor these activities and investigate alternatives to eliminate these deficits in order to return the activities and funds to a sound financial condition.

Response - These deficits were a result of adopting GASB Statement No. 68 during the year ended June 30, 2016. We will review the situation and implement changes, as needed.

Conclusion - Response accepted.

LISBON COMMUNITY SCHOOL DISTRICT  
Audit Staff  
June 30, 2022

This audit was performed by

Kay Chapman, CPA  
Terri Slater, staff accountant