

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2024

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## Shenandoah Community School District

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education (Before November 2023 Election)</b>		
Jean Fichter	President	2025
Adam Van Der Vliet	Vice President	2025
Jeff Hiser	Board Member	2023
Benne Rogers	Board Member	2023
Clint Wooten	Board Member	2025
<b>Board of Education (After November 2023 Election)</b>		
Jean Fichter	President	2025
Adam Van Der Vilet	Vice President	2025
Glenn Mason	Board Member	2027
Brent Twyman	Board Member	2027
Clint Wooten	Board Member	2025
<b>School Officials</b>		
Dr. Kerri Nelson	Superintendent	2024
Lisa Holmes	Board Secretary	2024
William Barrett	School Business Official	2024
Ahlens & Cooney, P.C.	Attorney	2024

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
115 North 3rd Avenue West, Newton, Iowa 50208-3218  
Telephone (641) 792-1910

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education of Shenandoah Community School District:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 15 and 48 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Shenandoah Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2023 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information, including the Schedule of Expenditures of Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### Other Information

Management is responsible for the other information in the independent auditor's report. The other information comprises the officials page but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 7, 2025 on our consideration of Shenandoah Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Shenandoah Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

July 7, 2025  
Newton, Iowa

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### 2024 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$14,109,188 in fiscal year 2023 to \$15,050,872 in fiscal year 2024, while General Fund expenditures increased from \$14,741,209 in fiscal year 2023 to \$15,477,106 in fiscal year 2024. The District's General Fund balance decreased from \$1,301,291 at June 30, 2023 to \$875,057 at June 30, 2024, a 32.75% decrease.
- The increase in General Fund revenues was mainly due to increased revenues from local tax and tuition compared to the prior year. The increase in expenditures was primarily due to an increase in instruction costs compared to prior year.
- The District's total net position increased from \$13,041,954 at June 30, 2023 to \$13,155,347 at June 30, 2024. Total revenues increased from \$18,098,385 in fiscal year 2023 to \$18,731,800 in fiscal year 2024, a 3.50% increase, while total expenses increased from \$16,817,114 in fiscal year 2023 to \$18,618,407 in fiscal year 2024, a 10.71% increase compared to the prior year. The increase in total revenues was primarily due to increases in revenues from charges for service and property tax. The increase in total expenses occurred mainly in the instruction functional area.

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

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

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

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

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

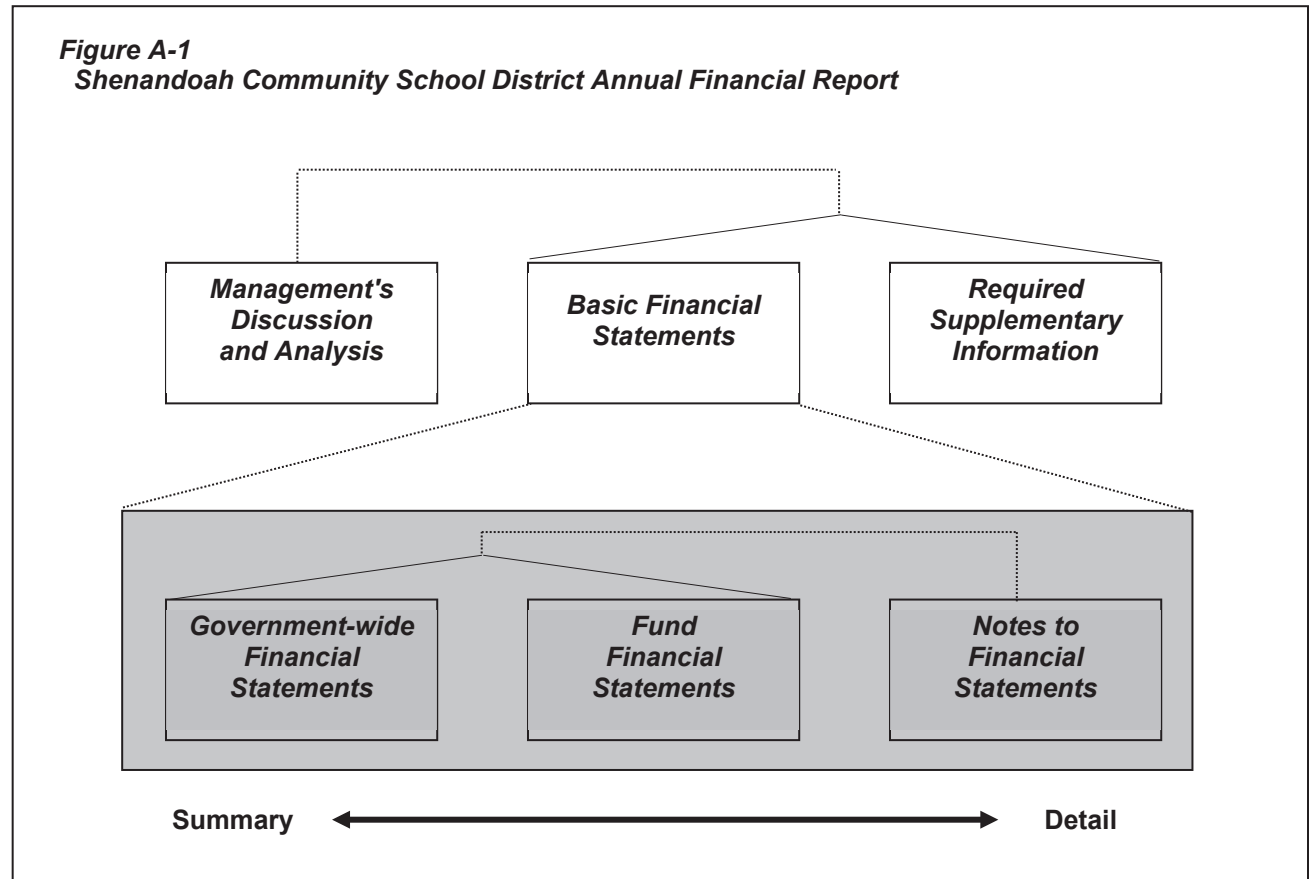




Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

## 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.

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

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

## **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

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

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

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

- 3) **Fiduciary funds:** The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private Purpose Trust Fund and the Custodial Fund.

- **Private Purpose Trust Fund** - The District accounts for outside donations for scholarships for individual students in this fund.
- **Custodial Fund** - These are funds through which the District administers and accounts for certain employee groups as a fiscal agent.

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2024 compared to June 30, 2023.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2024	2023	2024	2023	2024	2023	2023-24
Current and other assets	\$ 13,328,149	13,009,000	302,977	295,641	13,631,126	13,304,641	2.45%
Capital assets	17,849,851	18,336,913	64,105	24,813	17,913,956	18,361,726	-2.44%
Total assets	31,178,000	31,345,913	367,082	320,454	31,545,082	31,666,367	-0.38%
Deferred outflows of resources	1,754,855	1,187,598	57,697	37,728	1,812,552	1,225,326	47.92%
Long-term liabilities	10,900,683	11,668,741	162,665	151,742	11,063,348	11,820,483	-6.41%
Other liabilities	2,169,753	1,794,272	27,789	29,633	2,197,542	1,823,905	20.49%
Total liabilities	13,070,436	13,463,013	190,454	181,375	13,260,890	13,644,388	-2.81%
Deferred inflows of resources	6,925,000	6,182,064	16,397	23,287	6,941,397	6,205,351	11.86%
Net position:							
Net investment in capital assets	12,127,921	11,764,309	64,105	24,813	12,192,026	11,789,122	3.42%
Restricted	3,358,836	4,100,009	-	-	3,358,836	4,100,009	-18.08%
Unrestricted	(2,549,338)	(2,975,884)	153,823	128,707	(2,395,515)	(2,847,177)	15.86%
Total net position	\$ 12,937,419	12,888,434	217,928	153,520	13,155,347	13,041,954	0.87%

The District's total net position increased 0.87%, or \$113,393, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings, equipment and right-to-use leased and subscription assets), 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 decreased \$741,173, or 18.08%, from the prior year. This decrease in restricted net position was primarily due to a decrease in the amount restricted for categorical funding compared to the prior year.

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 \$451,662, or 15.86%. This increase in unrestricted net position was mainly due to an increase in the District's pension related deferred outflows of resources.

Figure A-4 shows the changes in net position for the year ended June 30, 2024 compared to the year ended June 30, 2023.

Figure A-4 Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2024	2023	2024	2023	2024	2023	2023-24
Revenues:							
Program revenues:							
Charges for service	\$ 1,737,637	1,231,652	274,021	167,803	2,011,658	1,399,455	43.75%
Operating grants, contributions and restricted interest	1,305,972	1,878,048	623,121	710,196	1,929,093	2,588,244	-25.47%
General revenues:							
Property tax	5,479,445	4,877,925	-	-	5,479,445	4,877,925	12.33%
Income surtax	472,520	590,859	-	-	472,520	590,859	-20.03%
Statewide sales, services and use tax	1,383,625	1,416,279	-	-	1,383,625	1,416,279	-2.31%
Unrestricted state grants	7,103,637	6,982,657	-	-	7,103,637	6,982,657	1.73%
Unrestricted investment earnings	250,365	166,868	8,870	5,642	259,235	172,510	50.27%
Other	87,748	67,395	4,839	3,061	92,587	70,456	31.41%
Total revenues	17,820,949	17,211,683	910,851	886,702	18,731,800	18,098,385	3.50%
Program expenses:							
Instruction	9,814,351	8,644,137	16,433	24,602	9,830,784	8,668,739	13.41%
Support services	6,496,253	5,883,136	4,056	6,715	6,500,309	5,889,851	10.36%
Non-instructional programs	-	-	866,368	881,844	866,368	881,844	-1.75%
Other expenses	1,420,946	1,376,680	-	-	1,420,946	1,376,680	3.22%
Total expenses	17,731,550	15,903,953	886,857	913,161	18,618,407	16,817,114	10.71%
Excess (Deficiency) of revenues over (under) expenses	89,399	1,307,730	23,994	(26,459)	113,393	1,281,271	-91.15%
Transfers	(40,414)	-	40,414	-	-	-	0.00%
Change in net position	48,985	1,307,730	64,408	(26,459)	113,393	1,281,271	-91.15%
Net position beginning of year	12,888,434	11,580,704	153,520	179,979	13,041,954	11,760,683	10.89%
Net position end of year	<u>\$ 12,937,419</u>	<u>12,888,434</u>	<u>217,928</u>	<u>153,520</u>	<u>13,155,347</u>	<u>13,041,954</u>	<u>0.87%</u>

In fiscal year 2024, property tax and unrestricted state grants accounted for 70.61% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 98.49% of the business type activities revenues.

The District's total revenues were approximately \$18.73 million, of which approximately \$17.82 million was for governmental activities and approximately \$0.91 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.50% increase in total revenues and a 10.71% increase in total expenses. The increase in total revenues is mainly due to increased revenues charges for service and property tax. The increase in total expenses occurred primarily in the instruction function.

### Governmental Activities

Revenues for governmental activities were \$17,820,949 and expenses were \$17,731,550 for the year ended June 30, 2024.

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

Figure A-5 Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2024	2023	Change 2023-24	2024	2023	Change 2023-24
Instruction	\$ 9,814,351	8,644,137	13.54%	7,278,595	6,649,771	9.46%
Support services	6,496,253	5,883,136	10.42%	6,491,428	5,263,434	23.33%
Other expenses	1,420,946	1,376,680	3.22%	917,918	881,048	4.18%
Total	<u>\$ 17,731,550</u>	<u>15,903,953</u>	<u>11.49%</u>	<u>14,687,941</u>	<u>12,794,253</u>	<u>14.80%</u>

For the year ended June 30, 2024:

- The cost financed by users of the District's programs was \$1,737,637.
- Federal and state governments along with local sources subsidized certain programs and projects with grants and contributions totaling \$1,305,972.
- The net cost of governmental activities was financed with \$5,479,445 in property tax, \$472,520 in income surtax, \$1,383,625 in statewide sales, services and use tax, \$7,103,637 in unrestricted state grants, \$250,365 in interest income and \$87,748 in other general revenues.

### Business Type Activities

Revenues of the District's business type activities were \$910,851 and expenses were \$886,857 for the year ended June 30, 2024. The District's business type activities include the School Nutrition Fund and the Childcare Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and other general revenues.

## INDIVIDUAL FUND ANALYSIS

As previously noted, Shenandoah 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 \$4,294,789, below last year's ending combined fund balances of \$5,197,933. The decrease is primarily a result of a decrease in the General Fund balance compared to the prior year.

### Governmental Fund Highlights

- The General Fund balance decreased from \$1,301,291 at June 30, 2023 to \$875,057 at June 30, 2024. Total revenues increased due mostly to increased revenues from local tax and tuition. Total expenditures increased mainly due to an increase in instruction costs.
- The Capital Projects Fund balance decreased from \$2,553,155 at June 30, 2023 to \$2,314,599 at June 30, 2024. An increase in capital outlay expenditures was the primary reason for the decrease in the fund balance.

### Proprietary Fund Highlights

The School Nutrition Fund net position increased from \$161,837 at June 30, 2023 to \$218,460 at June 30, 2024, representing an increase of 34.99%. An increase in revenues from charges for service combined with a decrease in total expenses led to the increase in fund net position compared to the prior year.

The Childcare Fund net position improved from deficit \$8,317 at June 30, 2023 to deficit \$532 at June 30, 2024, representing a 93.60% increase. An increase in revenues from charges for service combined with a decrease in total expenses led to the increase in fund net position compared to the prior year.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Shenandoah Community School District amended its budget one time to reflect additional expenditures.

The District's revenues were \$1,639,332 less than budgeted revenues, a variance of 8.02%. The most significant variance resulted from the District receiving less from federal sources than originally anticipated.

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

In spite of the District's budgetary practice, expenditures in the other expenditures functional area exceeded the amended budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2024, the District had invested \$17,913,956, net of accumulated depreciation/amortization, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 2.44% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation/amortization expense for the year was \$1,039,857.

The original cost of the District's capital assets was \$37,237,794. Governmental activities accounted for \$36,911,592 million with the remainder of \$326,202 accounted for in the Enterprise, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$0 at June 30, 2024, compared to \$714,177 reported at June 30, 2023. This decrease resulted from the completion and subsequent reclassification of the District's window replacement project.

Figure A-6								
Capital Assets, Net of Depreciation/Amortization								
	Governmental Activities		Business Type Activities		Total District		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023	2023-24	
Land	\$ 175,000	175,000	-	-	175,000	175,000	0.00%	
Construction in progress	-	714,177	-	-	-	714,177	-100.00%	
Buildings	16,433,623	16,035,089	-	-	16,433,623	16,035,089	2.49%	
Land improvements	565,087	619,278	-	-	565,087	619,278	-8.75%	
Machinery and equipment	527,675	582,324	64,105	24,813	591,780	607,137	-2.53%	
Right-to-use leased assets	35,136	59,938	-	-	35,136	59,938	-41.38%	
Right-to-use subscription assets	113,330	151,107	-	-	113,330	151,107	-25.00%	
Total	\$ 17,849,851	18,336,913	64,105	24,813	17,913,956	18,361,726	-2.44%	

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## Long-Term Debt

At June 30, 2024, the District had \$5,721,930 in long-term debt outstanding. This represents a decrease of 12.94% from last year. (See figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District had outstanding revenue bonded indebtedness of \$5,568,000 at June 30, 2024, payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District.

The District had outstanding indebtedness from lease agreements of \$36,123 at June 30, 2024.

The District had outstanding indebtedness from IT subscriptions of \$117,807 at June 30, 2024.

Figure A-7 Outstanding Long-Term Obligations			
	Total District		Total Change
	June 30,		June 30,
	2024	2023	2023-24
Revenue bonds	\$ 5,568,000	6,358,000	-12.43%
Lease agreements	36,123	60,551	-40.34%
IT subscription liability	117,807	154,053	-23.53%
Total	<u>\$ 5,721,930</u>	<u>6,572,604</u>	<u>-12.94%</u>

## 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 that could significantly affect its financial health in the future:

- The open enrollment of non-resident students into the Shenandoah Community School District has increased from the previous fiscal year.
- There continue to be changes in state law which impact the financial status of the Shenandoah Community School District. In some cases, these changes were not known until prior to budgets being finalized and approved. Some recent changes which have increased our district's required expenditures.
- The district experienced significant increases in property/casualty insurance rates and increases in the costs of building repairs/maintenance and transportation.
- Local property valuations continue to fluctuate from year to year and have created the necessity to increase our property tax levy.
- Enrollments in the virtual online education platform for the Shenandoah Community School District have experienced significant increases in the past year. These enrollment increases positively impacted the district's revenue, while at the same time, these increases have attributed to increases in the district's expenditures due to required additional resources.

## 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 William Barrett, School Business Official, Shenandoah Community School District, 304 W. Nishna Road, Shenandoah, Iowa 51601.

SHENANDOAH COMMUNITY SCHOOL DISTRICT



## BASIC FINANCIAL STATEMENTS

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2024

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 5,280,036	244,901	5,524,937
Receivables:			
Property tax:			
Delinquent	74,232	-	74,232
Succeeding year	6,397,167	-	6,397,167
Income surtax	466,440	-	466,440
Accounts	12,344	109	12,453
Due from other governments	1,097,930	24,737	1,122,667
Inventories	-	33,230	33,230
Capital assets not being depreciated/amortized	175,000	-	175,000
Capital assets, net of accumulated depreciation/amortization	17,674,851	64,105	17,738,956
<b>Total assets</b>	<b>31,178,000</b>	<b>367,082</b>	<b>31,545,082</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	1,579,066	52,875	1,631,941
OPEB related deferred outflows	175,789	4,822	180,611
<b>Total deferred outflows of resources</b>	<b>1,754,855</b>	<b>57,697</b>	<b>1,812,552</b>
<b>Liabilities</b>			
Accounts payable	803,258	6,594	809,852
Salaries and benefits payable	1,366,495	21,195	1,387,690
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	807,000	-	807,000
Lease agreements	25,310	-	25,310
IT subscription liability	37,717	-	37,717
Termination benefits	90,950	-	90,950
Compensated absences	223,130	4,962	228,092
Portion due after one year:			
Revenue bonds	4,761,000	-	4,761,000
Lease agreements	10,813	-	10,813
IT subscription liability	80,090	-	80,090
Termination benefits	45,475	-	45,475
Net pension liability	4,213,237	141,080	4,354,317
Total OPEB liability	605,961	16,623	622,584
<b>Total liabilities</b>	<b>13,070,436</b>	<b>190,454</b>	<b>13,260,890</b>
<b>Deferred Inflows of Resources</b>			
Succeeding year property tax revenue	6,397,167	-	6,397,167
Pension related deferred inflows	316,767	10,607	327,374
OPEB related deferred inflows	211,066	5,790	216,856
<b>Total deferred inflows of resources</b>	<b>6,925,000</b>	<b>16,397</b>	<b>6,941,397</b>
<b>Net Position</b>			
Net investment in capital assets	12,127,921	64,105	12,192,026
Restricted for:			
Categorical funding	75,529	-	75,529
Management levy purposes	796,689	-	796,689
Student activities	172,019	-	172,019
School infrastructure	1,487,712	-	1,487,712
Physical plant and equipment	826,887	-	826,887
Unrestricted	(2,549,338)	153,823	(2,395,515)
<b>Total net position</b>	<b>\$ 12,937,419</b>	<b>217,928</b>	<b>13,155,347</b>

SEE NOTES TO FINANCIAL STATEMENTS.

**SHENANDOAH COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Contributions and Restricted Interest	Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<b>Functions/Programs:</b>							
Governmental activities:							
Instruction:							
Regular	\$ 5,693,784	1,213,941	173,719	-	(4,306,124)	-	(4,306,124)
Special	2,420,609	248,106	148,882	-	(2,023,621)	-	(2,023,621)
Other	1,699,958	273,941	477,167	-	(948,850)	-	(948,850)
	9,814,351	1,735,988	799,768	-	(7,278,595)	-	(7,278,595)
Support services:							
Student	822,671	-	-	-	(822,671)	-	(822,671)
Instructional staff	1,277,587	-	-	-	(1,277,587)	-	(1,277,587)
Administration	1,768,235	-	-	-	(1,768,235)	-	(1,768,235)
Operation and maintenance of plant	1,899,606	-	-	-	(1,899,606)	-	(1,899,606)
Transportation	728,154	1,649	3,176	-	(723,329)	-	(723,329)
	6,496,253	1,649	3,176	-	(6,491,428)	-	(6,491,428)
Long-term debt interest	145,531	-	-	-	(145,531)	-	(145,531)
Other expenditures:							
AEA flowthrough	503,028	-	503,028	-	-	-	-
Depreciation/amortization (unallocated)*	772,387	-	-	-	(772,387)	-	(772,387)
	1,275,415	-	503,028	-	(772,387)	-	(772,387)
Total governmental activities	17,731,550	1,737,637	1,305,972	-	(14,687,941)	-	(14,687,941)
Business type activities:							
Instruction:							
Other	16,433	23,780	-	-	-	7,347	7,347
Support services:							
Administration	445	-	-	-	-	(445)	(445)
Operation and maintenance of plant	3,611	-	-	-	-	(3,611)	(3,611)
	4,056	-	-	-	-	(4,056)	(4,056)
Non-instructional programs:							
Food service operations	866,368	250,241	623,121	-	-	6,994	6,994
Total business type activities	866,857	274,021	623,121	-	-	10,285	10,285
Total	\$ 18,618,407	2,011,658	1,929,093	-	(14,687,941)	10,285	(14,677,656)
<b>General Revenues and Transfers:</b>							
Property tax levied for:							
General purposes					\$ 4,989,769	-	4,989,769
Capital outlay					489,676	-	489,676
Income surtax					472,520	-	472,520
Statewide sales, services and use tax					1,383,625	-	1,383,625
Unrestricted state grants					7,103,637	-	7,103,637
Unrestricted investment earnings					250,365	8,870	259,235
Other					87,748	4,839	92,587
Transfers					(40,414)	40,414	-
Total general revenues and transfers					14,736,926	54,123	14,791,049
Change in net position					48,985	64,408	113,393
Net position beginning of year					12,888,434	153,520	13,041,954
Net position end of year					\$ 12,937,419	217,928	13,155,347

\* This amount excludes the depreciation/amortization that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024

	General	Capital Projects	Nonmajor	Total
<b>Assets</b>				
Cash and pooled investments	\$ 1,950,321	2,216,702	1,113,013	5,280,036
Receivables:				
Property tax:				
Delinquent	62,837	6,577	4,818	74,232
Succeeding year	5,874,363	201,803	321,001	6,397,167
Income surtax	233,220	233,220	-	466,440
Accounts	11,042	-	1,302	12,344
Due from other governments	970,616	127,314	-	1,097,930
<b>Total assets</b>	<b>\$ 9,102,399</b>	<b>2,785,616</b>	<b>1,440,134</b>	<b>13,328,149</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 758,507	35,994	8,757	803,258
Salaries and benefits payable	1,361,252	-	5,243	1,366,495
Total liabilities	2,119,759	35,994	14,000	2,169,753
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	5,874,363	201,803	321,001	6,397,167
Income surtax	233,220	233,220	-	466,440
Total deferred inflows of resources	6,107,583	435,023	321,001	6,863,607
Fund balances:				
Restricted for:				
Categorical funding	75,529	-	-	75,529
Management levy purposes	-	-	933,114	933,114
Student activities	-	-	172,019	172,019
School infrastructure	-	1,487,712	-	1,487,712
Physical plant and equipment	-	826,887	-	826,887
Assigned	136,754	-	-	136,754
Unassigned	662,774	-	-	662,774
Total fund balances	875,057	2,314,599	1,105,133	4,294,789
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9,102,399</b>	<b>2,785,616</b>	<b>1,440,134</b>	<b>13,328,149</b>

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2024

**Total fund balances of governmental funds (page 20)** \$ 4,294,789

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

Net capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 17,849,851

Accounts receivable income surtax is not available to finance expenditures of the current year and, therefore, is recognized as deferred inflows of resources in the governmental funds. 466,440

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 1,754,855	
Deferred inflows of resources	<u>(527,833)</u>	1,227,022

Long-term liabilities, including revenue bonds payable, lease agreements payable, IT subscription liability, termination benefits payable, compensated absences payable, net pension liability and total OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (10,900,683)

**Net position of governmental activities (page 18)** \$ 12,937,419

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2024

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 4,907,176	762,186	355,103	6,024,465
Tuition	1,430,747	-	-	1,430,747
Other	303,462	134,854	361,524	799,840
State sources	7,747,542	1,395,907	8,998	9,152,447
Federal sources	485,950	-	-	485,950
Total revenues	14,874,877	2,292,947	725,625	17,893,449
Expenditures:				
Current:				
Instruction:				
Regular	5,865,903	-	254,513	6,120,416
Special	2,420,059	-	-	2,420,059
Other	1,506,597	-	290,178	1,796,775
	9,792,559	-	544,691	10,337,250
Support services:				
Student	868,599	2,175	-	870,774
Instructional staff	742,714	494,648	-	1,237,362
Administration	1,693,105	46,233	21,920	1,761,258
Operation and maintenance of plant	1,332,733	119,360	348,275	1,800,368
Transportation	544,368	132,274	49,093	725,735
	5,181,519	794,690	419,288	6,395,497
Non-instructional programs:				
Food service operations	-	40,414	-	40,414
Capital outlay	-	700,194	-	700,194
Long-term debt:				
Principal	-	-	850,674	850,674
Interest and fiscal charges	-	-	145,531	145,531
	-	-	996,205	996,205
Other expenditures:				
AEA flowthrough	503,028	-	-	503,028
Total expenditures	15,477,106	1,535,298	1,960,184	18,972,588
Excess (Deficiency) of revenues over (under) expenditures	(602,229)	757,649	(1,234,559)	(1,079,139)
Other financing sources (uses):				
Insurance proceeds	175,995	-	-	175,995
Transfer in	-	-	996,205	996,205
Transfer out	-	(996,205)	-	(996,205)
Total other financing sources (uses)	175,995	(996,205)	996,205	175,995
Change in fund balances	(426,234)	(238,556)	(238,354)	(903,144)
Fund balances beginning of year	1,301,291	2,553,155	1,343,487	5,197,933
Fund balances end of year	\$ 875,057	2,314,599	1,105,133	4,294,789

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024

**Change in fund balances - total governmental funds (page 22)** \$ (903,144)

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

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

Capital outlay	\$ 543,605	
Depreciation/amortization expense	<u>(1,030,667)</u>	(487,062)

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.		(72,500)
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Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in Statement of Net Position.		850,674
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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.		813,456
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Some expenses reported in the Statement of Activities do not require the use current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Termination benefits	144,188	
Compensated absences	(4,336)	
Pension expense	(262,670)	
Total OPEB liability and related expenses	<u>(29,621)</u>	<u>(152,439)</u>

**Change in net position of governmental activities (page 19)** \$ 48,985

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2024

	Business Type Activities: Enterprise Funds		
	School Nutrition	Childcare	Total
<b>Assets</b>			
Current assets:			
Cash and pooled investments	\$ 241,384	3,517	244,901
Accounts receivable	109	-	109
Due from other governments	24,737	-	24,737
Inventories	33,230	-	33,230
Total current assets	299,460	3,517	302,977
Noncurrent assets:			
Capital assets, net of accumulated depreciation	64,105	-	64,105
<b>Total assets</b>	363,565	3,517	367,082
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	50,838	2,037	52,875
OPEB related deferred outflows	4,822	-	4,822
<b>Total deferred outflows of resources</b>	55,660	2,037	57,697
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	6,594	-	6,594
Salaries and benefits payable	21,195	-	21,195
Total current liabilities	27,789	-	27,789
Noncurrent liabilities:			
Compensated absences	4,962	-	4,962
Net pension liability	135,419	5,661	141,080
Total OPEB liability	16,623	-	16,623
Total noncurrent liabilities	157,004	5,661	162,665
<b>Total liabilities</b>	184,793	5,661	190,454
<b>Deferred Inflows of Resources</b>			
Pension related deferred inflows	10,182	425	10,607
OPEB related deferred inflows	5,790	-	5,790
<b>Total deferred inflows of resources</b>	15,972	425	16,397
<b>Net Position</b>			
Net investment in capital assets	64,105	-	64,105
Unrestricted	154,355	(532)	153,823
<b>Total net position</b>	\$ 218,460	(532)	217,928

SEE NOTES TO FINANCIAL STATEMENTS.



SHENANDOAH COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2024

	Business Type Activities: Enterprise Funds		
	School Nutrition	Childcare	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 250,241	23,780	274,021
Miscellaneous	4,839	-	4,839
Total operating revenues	255,080	23,780	278,860
Operating expenses:			
Instruction:			
Other:			
Salaries	-	16,502	16,502
Benefits	-	2,251	2,251
Services	-	104	104
Pension*		(2,424)	(2,424)
Total instruction	-	16,433	16,433
Support services:			
Administration:			
Services	445	-	445
Operation and maintenance of plant:			
Services	3,611	-	3,611
Total support services	4,056	-	4,056
Non-instructional programs:			
Food service operations:			
Salaries	295,839	-	295,839
Benefits	73,888	-	73,888
Services	894	-	894
Supplies	486,557	-	486,557
Depreciation	9,190	-	9,190
Total non-instructional programs	866,368	-	866,368
Total operating expenses	870,424	16,433	886,857
Operating income (loss)	(615,344)	7,347	(607,997)
Non-operating revenues:			
State sources	5,169	-	5,169
Federal sources	617,952	-	617,952
Interest income	8,432	438	8,870
Total non-operating revenues	631,553	438	631,991
Change in net position before other financing sources	16,209	7,785	23,994
Other financing sources:			
Capital contributions	40,414	-	40,414
Change in net position	56,623	7,785	64,408
Net position beginning of year	161,837	(8,317)	153,520
Net position end of year	\$ 218,460	(532)	217,928

\*Pension expense is negative due to the decrease in net pension liability.

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2024

	Business Type Activities: Enterprise Funds		
	School Nutrition	Childcare	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 243,405	-	243,405
Cash received from childcare operations	-	23,780	23,780
Cash received from miscellaneous	4,839	-	4,839
Cash payments to employees for services	(377,389)	(20,630)	(398,019)
Cash payments to suppliers for goods or services	(427,511)	(104)	(427,615)
Net cash provided by (used in) operating activities	(556,656)	3,046	(553,610)
Cash flows from non-capital financing activities:			
State grants received	5,169	-	5,169
Federal grants received	522,508	-	522,508
Net cash provided by non-capital financing activities	527,677	-	527,677
Cash flows from capital and related financing activities:			
Purchase of capital assets	(8,068)	-	(8,068)
Cash flows from investing activities:			
Interest on investments	8,432	438	8,870
Net increase (decrease) in cash and pooled investments	(28,615)	3,484	(25,131)
Cash and pooled investments beginning of year	269,999	33	270,032
Cash and pooled investments end of year	\$ 241,384	3,517	244,901
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (615,344)	7,347	(607,997)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Commodities consumed	83,711	-	83,711
Depreciation	9,190	-	9,190
Change in assets and liabilities:			
Inventories	(21,172)	-	(21,172)
Accounts receivable	438	-	438
Accounts payable	1,457	-	1,457
Salaries and benefits payable	5,850	(1,877)	3,973
Net pension liability	12,618	(1,073)	11,545
Deferred outflows of resources	(19,346)	(623)	(19,969)
Deferred inflows of resources	(6,162)	(728)	(6,890)
Unearned revenue	(7,274)	-	(7,274)
Compensated absences	362	-	362
Total OPEB liability	(984)	-	(984)
Net cash provided by (used in) operating activities	\$ (556,656)	3,046	(553,610)

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

During the year ended June 30, 2024, the District received \$83,711 of federal commodities.

During the year ended June 30, 2024, the District received \$40,414 in capital contributions from the Capital Projects: Physical Plant and Equipment Levy Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2024

	Private Purpose Trust	
	Scholarship	Custodial
<b>Assets</b>		
Cash and pooled investments	\$ 396,823	5,469
<b>Liabilities</b>	-	-
<b>Net Position</b>		
Restricted for scholarships	396,823	-
Restricted for other organizations	-	5,469
<b>Total net position</b>	<u>\$ 396,823</u>	<u>5,469</u>

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2024

	Private Purpose Trust	
	Scholarship	Custodial
Additions:		
Local sources:		
Gifts and contributions	\$ -	1,178
Interest income	19,458	-
Total additions	19,458	1,178
Deductions:		
Scholarships awarded	4,500	-
Change in net position	14,958	1,178
Net position beginning of year	381,865	4,291
Net position end of year	\$ 396,823	5,469

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

**(1) Summary of Significant Accounting Policies**

Shenandoah Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the city of Shenandoah, Iowa, and the predominate agricultural territory in Page, Fremont, Mills and Montgomery 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, Shenandoah Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Page, Fremont, Mills and Montgomery County Assessors' Conference Boards.

**B. Basis of Presentation**

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

The District reports the following nonmajor proprietary funds:

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

The Enterprise, Childcare Fund is used to account for the District's childcare program.

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

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

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

### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they 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, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2023.

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

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

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

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Land improvements	5,000
Intangibles	150,000
Right-to-use leased assets	5,000
Right-to-use subscription assets	150,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2+ years
Right-to-use leased assets	2+ years
Right-to-use subscription assets	2+ years
Machinery and equipment	5-12 years

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

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



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

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

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments, as well as any purchase option price included in the agreement that the District would be reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Subscription-Based Information Technology Arrangements (SBITAs) - Shenandoah Community School District has entered into contracts that convey control of the right to use information technology software. The District has recognized an IT subscription liability and an intangible right-to-use IT subscription asset in the government-wide financial statements. The District recognized IT subscription liabilities with an initial, individual value of \$150,000 or more.

At the commencement of the IT subscription term, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the IT subscription liability is reduced by the principal portion of payments made. The right-to-use an IT subscription asset is initially measured as the sum of the initial IT subscription liability, adjusted for payments made at or before the commencement date, plus capitalization implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the right-to-use IT subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to IT subscription arrangements include how Shenandoah Community School District determines the discount rate it uses to discount the expected payments to present value, term and payments.

Shenandoah Community School District uses the interest rate charged by the IT subscription vendor as the discount rate. When the interest rate charged by the vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate.

The IT subscription term includes the noncancellable period of the subscription. Payments included in the measurement of the liability are composed of fixed payments.

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

Right-to-use IT subscription assets are reported with other capital assets and IT subscription liabilities are reported with long-term debt on the Statement of Net Position.

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

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

Unearned Revenue - Unearned revenues in the Statement of Net Position are moneys collected for lunches that have not yet been served. Patrons will either be reimbursed or served lunches. The revenue will be considered earned when services are provided.

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2024. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund while the portion attributable to the business type activities will be paid by the School Nutrition 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, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund while the portion attributable to the business type activities will be paid by the Enterprise, School Nutrition 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 other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

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

Fund Equity - Board Policy 701.6 describes the District's fund balance designations. 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.

Assigned - Amounts not available for appropriation, but rather set aside for specific purposes in the District's General Fund. The District's Board of Directors authorizes the Superintendent and/or School Business Official to assign General Fund balance amounts pursuant to Board Policy 701.6.

Unassigned - All amounts not included in the preceding classifications.

#### E. Budgets and Budgetary Accounting

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

#### **(2) Cash and Pooled Investments**

The District's deposits in banks at June 30, 2024 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2024, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) Direct Government Obligations Portfolio valued at an amortized cost of \$5,132,914. There were no limitations or restrictions on the withdrawals of the ISJIT. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

#### **(3) Interfund Transfers**

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 927,522
Debt Service	Capital Projects: Physical Plant and Equipment Levy	68,683
Total		<u>\$ 996,205</u>

The transfers from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was for principal and interest payments on the District's revenue bonded indebtedness.

The transfers from the Capital Projects: Physical Plant and Equipment Levy Fund to the Debt Service Fund was for principal and interest payments on the District's indebtedness from lease agreements and IT subscription liabilities.

#### (4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 175,000	-	-	175,000
Construction in progress	714,177	402,553	1,116,730	-
Total capital assets not being depreciated/amortized	889,177	402,553	1,116,730	175,000
Capital assets being depreciated/amortized:				
Buildings	31,070,604	1,116,730	-	32,187,334
Land improvements	1,605,965	-	-	1,605,965
Machinery and equipment	2,538,952	141,052	-	2,680,004
Right-to-use leased assets	74,405	-	-	74,405
Right-to-use subscription assets	188,884	-	-	188,884
Total capital assets being depreciated/amortized	35,478,810	1,257,782	-	36,736,592
Less accumulated depreciation/amortization for:				
Buildings	15,035,515	718,196	-	15,753,711
Land improvements	986,687	54,191	-	1,040,878
Machinery and equipment	1,956,628	195,701	-	2,152,329
Right-to-use leased assets	14,467	24,802	-	39,269
Right-to-use subscription assets	37,777	37,777	-	75,554
Total accumulated depreciation/amortization	18,031,074	1,030,667	-	19,061,741
Total capital assets being depreciated/amortized, net	17,447,736	227,115	-	17,674,851
Governmental activities capital assets/amortized, net	\$ 18,336,913	629,668	1,116,730	17,849,851
<b>Business type activities:</b>				
Machinery and equipment	\$ 294,279	48,482	16,559	326,202
Less accumulated depreciation	269,466	9,190	16,559	262,097
Business type activities capital assets, net	\$ 24,813	39,292	-	64,105

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 7,258
Other	7,521
Support services:	
Instructional staff	70,179
Administration	24,802
Operation and maintenance of plant	15,822
Transportation	132,698
	258,280
Unallocated depreciation/amortization	772,387
Total governmental activities depreciation/amortization expense	\$ 1,030,667
Business type activities:	
Food service operations	\$ 9,190

## (5) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
Revenue bonds	\$ 6,358,000	-	790,000	5,568,000	807,000
Lease agreements	60,551	-	24,428	36,123	25,310
IT subscription liability	154,053	-	36,246	117,807	37,717
Termination benefits	280,613	-	144,188	136,425	90,950
Compensated absences	218,794	223,130	218,794	223,130	223,130
Net pension liability	3,831,788	381,449	-	4,213,237	-
Total OPEB liability	764,942	-	158,981	605,961	-
Total	<u>\$ 11,668,741</u>	<u>604,579</u>	<u>1,372,637</u>	<u>10,900,683</u>	<u>1,184,107</u>
<b>Business type activities:</b>					
Compensated absences	\$ 4,600	4,962	4,600	4,962	4,962
Net pension liability	129,535	12,618	1,073	141,080	-
Total OPEB liability	17,607	-	984	16,623	-
Total	<u>\$ 151,742</u>	<u>17,580</u>	<u>6,657</u>	<u>162,665</u>	<u>4,962</u>

### Revenue Bonds

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

Year Ending June 30,	Bonds issued June 13, 2016			Bonds issued November 25, 2019			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2025	2.22%	\$ 375,000	43,623	2.13%	\$ 432,000	76,744	807,000	120,367	927,367
2026	2.22	385,000	35,298	2.13	439,000	67,542	824,000	102,840	926,840
2027	2.22	395,000	26,751	2.13	447,000	58,192	842,000	84,943	926,943
2028	2.22	400,000	17,982	2.13	460,000	48,670	860,000	66,652	926,652
2029	2.22	410,000	9,102	2.13	469,000	38,873	879,000	47,975	926,975
2030-2031		-	-	2.13	1,356,000	33,761	1,356,000	33,761	1,389,761
Total		<u>\$ 1,965,000</u>	<u>132,756</u>		<u>\$ 3,603,000</u>	<u>323,782</u>	<u>5,568,000</u>	<u>456,538</u>	<u>6,024,538</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,680,000 of bonds issued in June 2016 and \$5,679,000 of bonds issued in November 2019. The Series 2016 bonds were issued for the purpose of refinancing Series 2010 revenue bonds. The Series 2019 bonds were issued for the purpose of financing a portion of the District's high school renovation project. 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 2031. 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 67% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$6,024,538. For the current year, \$790,000 of principal and \$137,522 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$1,383,625.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds requires the District to make monthly transfers from the Capital Projects: Statewide Sales, Services and Use Tax Fund depositing money into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.

## Lease Agreements

During the year ended June 30, 2023 the District commenced a lease agreement for copiers. An initial lease liability was recorded in the amount of \$74,405. The agreement requires 36 monthly payments of \$2,182 with an implicit interest rate of 3.55% and final payment due November 2025. During the year ended June 30, 2024, principal and interest payments were \$24,428 and \$1,755, respectively. Details of the District's June 30, 2024 indebtedness from lease agreements are as follows:

Year Ending June 30,	Copiers - December 2022			
	Interest Rate	Principal	Interest	Total
2025	3.55%	\$ 25,310	873	26,183
2026	3.55	10,813	96	10,909
Total		\$ 36,123	969	37,092

## IT Subscription Liability

In June 2023, the District entered into a subscription-based information technology license and services agreement for an automated optical AI firearm detection system. An initial IT subscription liability was recorded in the amount of \$188,884. The agreement requires annual payments of \$42,500 over five years with an interest rate of 4.06% and final payment due in June 2027. During the year ended June 30, 2024, principal and interest payments were \$36,246 and \$6,254, respectively. Details of the District's June 30, 2024 indebtedness from IT subscriptions are as follows:

Year Ending June 30,	IT subscription - June 2023			
	Interest Rate	Principal	Interest	Total
2025	4.06%	\$ 37,717	4,783	42,500
2026	4.06	39,248	3,252	42,500
2027	4.06	40,842	1,658	42,500
Total		\$ 117,807	9,693	127,500

## Termination Benefits (Early Retirement)

The District did not offer a voluntary early retirement plan for employees during fiscal year 2024. However, the District had remaining liabilities associated with early retirement offerings from previous fiscal years. As of June 30, 2024, remaining commitments include District paid premiums for continued single coverage in the District's health insurance plan. In lieu of continued coverage, participants may elect to receive payments equal to the cost of single coverage deposited into a Special Pay Plan.

At June 30, 2024, the District had obligations to eleven participants with a total liability of \$136,425. Actual early retirement expenditures for the year ended June 30, 2024 totaled \$144,188.

## **(6) Pension Plan**

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](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 information 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 2024, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2024 totaled \$840,695.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2024, the District reported a liability of \$4,354,317 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the District's proportion was 0.096470%, which was a decrease of 0.008378% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$270,098. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 368,381	17,898
Changes of assumptions	-	69
Net difference between projected and actual earnings on IPERS' investments	403,262	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	19,603	309,407
District contributions subsequent to the measurement date	840,695	-
Total	<u>\$ 1,631,941</u>	<u>327,374</u>

\$840,695 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2025	\$ (209,879)
2026	(390,687)
2027	934,260
2028	124,942
2029	5,236
Total	<u>\$ 463,872</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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



the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 9,258,247	4,354,317	244,742

**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).

## (7) Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At July 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	12
Active employees	185
Total	197

**Total OPEB Liability** - The District's total OPEB liability of \$622,584 was measured as of June 30, 2024 and was determined by an actuarial valuation dated July 1, 2023.

Actuarial Assumptions - The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	3.00% per annum.
Rates of salary increase	3.25% per annum, including inflation.
Discount rate	3.65% compounded annually, including inflation.
Healthcare cost trend rate	6.50% for FY2024, decreasing to an ultimate rate of 5.00%.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.65% 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 valuation date.

Mortality rates were based on RP 2014 annuitant distinct mortality table adjusted with MP 2021 generational projection of future mortality improvement. 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	\$ 782,549
Changes for the year:	
Service cost	43,962
Interest	22,637
Differences between expected and actual experience	(111,741)
Changes in assumptions	(74,314)
Benefit payments	(40,509)
Net changes	<u>(159,965)</u>
Total OPEB liability end of year	<u>\$ 622,584</u>

Changes of assumptions reflect a change in the discount rate from 2.14% for fiscal year 2023 to 3.65% for fiscal year 2024.

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 1% lower (2.65%) or 1% higher (4.65%) than the current discount rate.

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 672,869	622,584	576,497

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates 1% lower (5.50%) or 1% higher (7.50%) than the current healthcare cost trend rates.

	1% Decrease (5.50%)	Healthcare Cost Trend Rate (6.50%)	1% Increase (7.50%)
Total OPEB liability	\$ 561,057	622,584	695,705

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB -  
For the year ended June 30, 2024, the District recognized OPEB expense of \$73,643. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 89,622	148,130
Changes in assumptions	90,989	68,726
Total	<u>\$ 180,611</u>	<u>216,856</u>

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

Year Ended June 30,	Amount
2025	\$ 7,044
2026	7,044
2027	7,044
2028	7,044
2029	7,044
Thereafter	<u>(71,465)</u>
Total	<u>\$ (36,245)</u>

#### **(8) Risk Management**

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

#### **(9) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$503,028 for the year ended June 30, 2024 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

#### **(10) Tax Abatements**

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

During the year 2024, the District was not impacted by any tax abatements which meet the disclosure requirements of Governmental Accounting Standards Board Statement No. 77.

#### **(11) Budget Overexpenditure**

Per the Code of Iowa, expenditures may not exceed budgeted appropriations at the function level. During the year ended June 30, 2024, expenditures in the other expenditures function exceeded the amended budget.

## (12) Categorical Funding

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

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

Program	Amount
Limited English Proficient (LEP)	\$ 9,419
Home School Assistance Program (HSAP)	3,995
Gifted and Talented Programs	3,000
Teacher Leadership State Aid	16,281
Four-Year-Old Preschool State Aid	2,868
Teacher Salary Supplement	10,538
Successful Progression for Early Readers	3,588
Teacher Development Academies	375
Professional Development	25,465
Total	<u>\$ 75,529</u>

## (13) Reconciliation of Governmental Fund Balances to Net Position

Detailed reconciliation of certain governmental fund balances to net position is as follows:

	Net investment in Capital Assets	Management Lew	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	933,114	662,774
Capital assets, net of accumulated depreciation/amortization	17,849,851	-	-
Revenue bond capitalized indebtedness	(5,568,000)	-	-
Indebtedness from IT subscriptions	(117,807)	-	-
Indebtedness from lease agreements	(36,123)	-	-
Income surtax	-	-	466,440
Termination benefits	-	(136,425)	-
Compensated absences	-	-	(223,130)
Pension related deferred outflows	-	-	1,579,066
Pension related deferred inflows	-	-	(316,767)
Net pension liability	-	-	(4,213,237)
Total OPEB liability	-	-	(605,961)
OPEB related deferred outflows	-	-	175,789
OPEB related deferred inflows	-	-	(211,066)
Assigned fund balance	-	-	136,754
Net position (Exhibit A)	<u>\$ 12,127,921</u>	<u>796,689</u>	<u>(2,549,338)</u>

## (14) Change in Area Education Agency Funding

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

## REQUIRED SUPPLEMENTARY INFORMATION

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE OF  
REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2024

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 8,255,052	287,730	8,542,782	7,521,297	7,521,297	1,021,485
Intermediate sources	-	-	-	215,000	215,000	(215,000)
State sources	9,152,447	5,169	9,157,616	10,182,335	10,182,335	(1,024,719)
Federal sources	485,950	617,952	1,103,902	2,525,000	2,525,000	(1,421,098)
Total revenues	17,893,449	910,851	18,804,300	20,443,632	20,443,632	(1,639,332)
Expenditures/Expenses:						
Instruction	10,337,250	16,433	10,353,683	10,640,000	10,900,000	546,317
Support services	6,395,497	4,056	6,399,553	8,700,000	8,975,000	2,575,447
Non-instructional programs	40,414	866,368	906,782	885,000	990,000	83,218
Other expenditures	2,199,427	-	2,199,427	1,491,517	1,741,517	(457,910)
Total expenditures/expenses	18,972,588	886,857	19,859,445	21,716,517	22,606,517	2,747,072
Excess (Deficiency) of revenues over (under) expenditures/expenses	(1,079,139)	23,994	(1,055,145)	(1,272,885)	(2,162,885)	1,107,740
Other financing sources, net	175,995	40,414	216,409	-	-	216,409
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	(903,144)	64,408	(838,736)	(1,272,885)	(2,162,885)	1,324,149
Balances beginning of year	5,197,933	153,520	5,351,453	5,246,448	5,246,448	105,005
Balances end of year	\$ 4,294,789	217,928	4,512,717	3,973,563	3,083,563	1,429,154

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2024

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 comparison for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$890,000.

During the year ended June 30, 2024, expenditures in the other expenditures function exceeded the amended budget.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST TEN YEARS \*  
REQUIRED SUPPLEMENTARY INFORMATION

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.096470%	0.104848%	0.041024%	0.099610%	0.105356%	0.106391%	0.101173%	0.097226%	0.097086%	0.102328%
District's proportionate share of the net pension liability	\$ 4,354,317	3,961,323	141,627	6,997,309	6,100,788	6,732,685	6,739,366	6,118,714	4,796,520	4,058,224
District's covered payroll	\$ 8,472,182	8,462,871	8,213,411	7,905,207	8,015,445	7,996,282	7,547,380	6,978,623	6,651,277	6,695,890
District's proportionate share of the net pension liability as a percentage of its covered payroll	51.40%	46.81%	1.72%	88.52%	76.11%	84.20%	89.29%	87.68%	72.11%	60.61%
IPERS' net position as a percentage of the total pension liability	90.13%	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



SHENANDOAH COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST TEN YEARS  
REQUIRED SUPPLEMENTARY INFORMATION

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 840,695	799,774	798,895	775,346	746,252	756,658	714,068	673,981	623,191	593,959
Contributions in relation to the statutorily required contribution	(840,695)	(799,774)	(798,895)	(775,346)	(746,252)	(756,658)	(714,068)	(673,981)	(623,191)	(593,959)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 8,871,320	8,472,182	8,462,871	8,213,411	7,905,207	8,015,445	7,996,282	7,547,380	6,978,623	6,651,277
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2024

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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%.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
FOR THE LAST SEVEN YEARS  
REQUIRED SUPPLEMENTARY INFORMATION

	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 43,962	58,350	56,513	48,149	46,634	48,803	47,267
Interest cost	22,637	16,862	16,159	25,012	24,981	22,953	21,270
Differences between expected and actual experience	(111,741)	-	(58,096)	-	49,490	-	130,574
Changes in assumptions	(74,314)	-	73,248	-	2,721	-	72,465
Benefit payments	(40,509)	(44,538)	(38,701)	(73,791)	(70,675)	(27,732)	(18,422)
Net change in total OPEB liability	(159,965)	30,674	49,123	(630)	53,151	44,024	253,154
Total OPEB liability beginning of year	782,549	751,875	702,752	703,382	650,231	606,207	353,053
Total OPEB liability end of year	<u>\$ 622,584</u>	<u>782,549</u>	<u>751,875</u>	<u>702,752</u>	<u>703,382</u>	<u>650,231</u>	<u>606,207</u>
Covered-employee payroll	\$ 8,243,705	7,967,372	7,716,583	7,616,141	7,376,408	7,940,080	7,690,150
Total OPEB liability as a percentage of covered-employee payroll	7.55%	9.82%	9.74%	9.23%	9.54%	8.19%	7.88%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB LIABILITY  
YEAR ENDED JUNE 30, 2024

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

- The mortality assumption changed to the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement.

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

Year ended June 30, 2024	3.65%
Year ended June 30, 2023	2.14%
Year ended June 30, 2022	2.14%
Year ended June 30, 2021	3.50%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	2.50%

## SUPPLEMENTARY INFORMATION

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2024

	Special Revenue		
	Management Levy	Student Activity	Total
<b>Assets</b>			
Cash and pooled investments	\$ 933,539	179,474	1,113,013
Receivables:			
Property tax:			
Delinquent	4,818	-	4,818
Succeeding year	321,001	-	321,001
Accounts	-	1,302	1,302
<b>Total assets</b>	<b>\$ 1,259,358</b>	<b>180,776</b>	<b>1,440,134</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	8,757	8,757
Salaries and benefits payable	5,243	-	5,243
Total liabilities	5,243	8,757	14,000
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property taxes	321,001	-	321,001
Fund balances:			
Restricted for:			
Management levy purposes	933,114	-	933,114
Student activities	-	172,019	172,019
Total fund balances	933,114	172,019	1,105,133
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,259,358</b>	<b>180,776</b>	<b>1,440,134</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2024

	Special Revenue			Debt	Total
	Management	Student	Total	Service	Nonmajor
	Ley	Activity			
Revenues:					
Local sources:					
Local tax	\$ 355,103	-	355,103	-	355,103
Other	43,029	318,495	361,524	-	361,524
State sources	8,998	-	8,998	-	8,998
Total revenues	407,130	318,495	725,625	-	725,625
Expenditures:					
Current:					
Instruction:					
Regular	254,513	-	254,513	-	254,513
Other	-	290,178	290,178	-	290,178
Support services:					
Administration	21,920	-	21,920	-	21,920
Operation and maintenance of plant	348,275	-	348,275	-	348,275
Transportation	49,093	-	49,093	-	49,093
Long-term debt:					
Principal	-	-	-	850,674	850,674
Interest and fiscal charges	-	-	-	145,531	145,531
Total expenditures	673,801	290,178	963,979	996,205	1,960,184
Excess (Deficiency) of revenues over (under) expenditures	(266,671)	28,317	(238,354)	(996,205)	(1,234,559)
Other financing sources:					
Transfer in	-	-	-	996,205	996,205
Change in fund balances	(266,671)	28,317	(238,354)	-	(238,354)
Fund balances beginning of year	1,199,785	143,702	1,343,487	-	1,343,487
Fund balances end of year	\$ 933,114	172,019	1,105,133	-	1,105,133

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUND ACCOUNTS  
JUNE 30, 2024

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Lewy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 1,361,158	855,544	2,216,702
Receivables:			
Property tax:			
Delinquent	-	6,577	6,577
Succeeding year	-	201,803	201,803
Income surtax	-	233,220	233,220
Due from other governments	127,314	-	127,314
<b>Total assets</b>	<b>\$ 1,488,472</b>	<b>1,297,144</b>	<b>2,785,616</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 760	35,234	35,994
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	201,803	201,803
Income surtax	-	233,220	233,220
Total deferred inflows of resources	-	435,023	435,023
Fund balances:			
Restricted for:			
School infrastructure	1,487,712	-	1,487,712
Physical plant and equipment	-	826,887	826,887
Total fund balances	1,487,712	826,887	2,314,599
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,488,472</b>	<b>1,297,144</b>	<b>2,785,616</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



SHENANDOAH COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUND ACCOUNTS  
 YEAR ENDED JUNE 30, 2024

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	762,186	762,186
Other	90,425	44,429	134,854
State sources	1,383,625	12,282	1,395,907
Total revenues	1,474,050	818,897	2,292,947
Expenditures:			
Support services:			
Student	-	2,175	2,175
Instructional staff	-	494,648	494,648
Administration	1,600	44,633	46,233
Operation and maintenance of plant	96,616	22,744	119,360
Transportation	-	132,274	132,274
Non-instructional programs			
Food service operations	-	40,414	40,414
Capital outlay	553,712	146,482	700,194
Total expenditures	651,928	883,370	1,535,298
Excess (Deficiency) of revenues over (under) expenditures	822,122	(64,473)	757,649
Other financing uses:			
Transfer out	(927,522)	(68,683)	(996,205)
Change in fund balances	(105,400)	(133,156)	(238,556)
Fund balances beginning of year	1,593,112	960,043	2,553,155
Fund balances end of year	\$ 1,487,712	826,887	2,314,599

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
YEAR ENDED JUNE 30, 2024

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
HS Drama	\$ 19,786	22,115	16,081	-	25,820
HS Play	1,301	670	665	-	1,306
HS General Athletics	16,962	109,918	130,252	12,000	8,628
Athletic Tournaments	-	1,324	-	-	1,324
Football	1,156	-	250	-	906
Bus. Prof. of America	2,969	5,698	5,784	-	2,883
Annual	11,277	4,370	5,302	-	10,345
Math Club	948	-	-	-	948
HOSA	2,683	591	514	-	2,760
Auto Tech Club	883	1,300	332	-	1,851
Cheerleaders	3,939	3,142	4,699	-	2,382
Shen FFA	4,601	30,325	27,405	-	7,521
Shen FCCLA	4,552	3,399	3,886	-	4,065
Shen Girls Golf	19	150	130	-	39
Shen GSA	884	-	-	-	884
Marching Mustangs	1,442	3,056	3,117	-	1,381
Natl Art Honor Society	3,490	5,105	225	-	8,370
Natl Honor Society	2,122	415	720	-	1,817
Shen Boys Bowling	4,356	2,945	1,870	-	5,431
Shen Boys Basketball	135	-	-	-	135
Shen Girls Basketball	777	9,901	10,121	-	557
Shen Boys Golf	114	-	114	-	-
Shen Boys Cross Country	793	-	386	-	407
Shen Boys Track	684	84	521	-	247
Shen Football	6,122	2,870	6,851	-	2,141
Shen Girls Tennis	1,047	3,380	3,366	-	1,061
Shen Girls Cross Country	149	158	151	-	156
Shen Singers	1,231	6,759	1,259	-	6,731
Shen Softball	567	-	280	-	287
Shen Volleyball	710	225	-	-	935
Shen Weight Club	186	-	-	-	186
Shen Wrestlers	907	2,897	2,222	-	1,582
Mustang Field Concessions	16,290	56,140	30,807	(12,000)	29,623
HS Speech Club	3,453	10,834	9,608	-	4,679
HS Dance	101	-	-	-	101
HS Student Council	1,289	9,181	6,450	-	4,020
Shen Baseball	648	955	1,799	375	179
HS Music	-	200	-	-	200
MS Music	-	200	-	-	200
EL Music	-	200	-	-	200
MS Yearbook	-	852	791	(61)	-
MS Cheer	111	-	-	-	111
MS FCCLA	1,187	-	-	-	1,187
MS Marching Mustangs	3,834	5,783	3,581	-	6,036
MS Student Council	16,392	2,974	556	(314)	18,496
Class of 2024	71	375	408	-	38
Class of 2025	1,882	2,996	4,006	-	872
Class of 2026	839	1,473	27	-	2,285
Class of 2027	-	568	20	-	548
May Mentoring Activity	813	4,966	5,622	-	157
Mustang Marketplace	-	1	-	-	1
Total	\$ 143,702	318,495	290,178	-	172,019

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN PRIVATE PURPOSE TRUST FUND, SCHOLARSHIP ACCOUNTS  
 YEAR ENDED JUNE 30, 2024

Account	Net Position Beginning of Year	Additions	Deductions	Intrafund Transfer	Net Position End of Year
Bateman Music Scholarship	\$ 8,853	450	-	-	9,303
Dreyer Family Memorial Scholarship	2,871	146	-	-	3,017
Gale Pickard Scholarship	1,990	102	100	-	1,992
I&C Wilson Scholarship	186,909	9,492	1,500	-	194,901
Muriel Keenan Scholarship	12,765	660	-	-	13,425
Sondag Roscoe Scholarship	1,105	57	75	-	1,087
Bob Folden Scholarship	749	43	-	-	792
Ingrim Scholarship	146,504	7,463	1,000	-	152,967
Elizabeth Obrien Scholarship	221	12	200	(33)	-
Penwell Scholarship	16,095	841	1,500	-	15,436
Clark Campbell Scholarship	2,104	105	125	-	2,084
Monty B Pitner Scholarship	1,613	82	-	-	1,695
Misc Scholarships	86	5	-	33	124
Total	\$ 381,865	19,458	4,500	-	396,823

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues:										
Local sources:										
Local tax	\$ 6,024,465	5,352,936	5,255,559	5,109,482	5,795,082	5,541,222	5,547,193	5,601,166	4,787,405	4,771,335
Tuition	1,430,747	896,126	637,702	560,525	549,157	592,260	441,742	423,058	634,694	491,267
Other	799,840	710,540	631,582	541,606	516,058	600,098	610,645	593,628	508,693	474,023
Intermediate sources	-	-	-	-	-	7,000	-	-	-	-
State sources	9,152,447	9,148,731	8,675,963	8,672,334	8,423,315	8,527,789	8,072,771	8,212,368	6,958,366	6,810,398
Federal sources	485,950	987,502	2,469,147	910,933	404,043	466,725	424,249	465,410	395,748	409,319
Total	\$ 17,893,449	17,095,835	17,669,953	15,794,880	15,687,655	15,735,094	15,096,600	15,295,630	13,284,906	12,956,342
Expenditures:										
Instruction:										
Regular	\$ 6,120,416	5,736,549	5,946,336	5,165,703	5,017,910	5,202,591	5,244,094	5,067,684	5,016,678	4,582,118
Special	2,420,059	2,120,210	1,873,552	1,786,251	1,657,202	1,489,554	1,664,179	1,521,870	1,341,411	1,490,295
Other	1,796,775	1,538,533	1,594,514	2,084,537	1,901,242	2,076,400	2,061,302	1,748,692	1,634,849	1,485,458
Support services:										
Student	870,774	892,323	863,644	534,055	511,248	425,235	422,452	363,593	353,303	349,503
Instructional staff	1,237,362	1,178,678	1,924,799	1,298,799	922,622	989,557	1,091,860	1,029,451	589,467	630,338
Administration	1,761,258	1,724,892	1,485,289	1,400,116	1,372,871	1,266,067	1,221,696	1,247,469	1,305,979	1,124,263
Operation and maintenance of plant	1,800,368	2,236,513	1,906,544	1,570,867	1,228,727	1,247,184	1,104,172	1,003,107	965,057	954,861
Transportation	725,735	599,760	477,310	585,944	698,115	708,828	668,687	483,465	517,279	443,484
Non-instructional programs	40,414	-	-	-	-	25,408	36,560	-	2,309	27,070
Capital outlay	700,194	396,339	454,164	2,755,310	3,983,649	863,969	390,319	572,161	320,292	251,088
Long-term debt:										
Principal	850,674	821,685	768,587	740,000	772,000	965,000	945,000	920,000	1,361,925	843,323
Interest	145,531	164,499	173,015	187,901	155,662	102,460	121,814	76,791	141,827	252,061
Other expenditures:										
AEA flowthrough	503,028	495,632	481,702	484,332	469,237	470,419	467,767	462,930	404,838	399,820
Total	\$ 18,972,588	17,905,613	17,949,456	18,593,815	18,690,485	15,832,672	15,439,902	14,497,213	13,955,214	12,833,682

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
<b>Indirect:</b>			
<b>U.S. Department of Agriculture:</b>			
Passed through Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY 24	\$ 126,532
National School Lunch Program	10.555	FY 24	453,670 *
Summer Food Service Program for Children	10.559	FY 24	37,750
Total - Child Nutrition Cluster			<u>617,952 **</u>
<b>Total U.S. Department of Agriculture</b>			<u>617,952</u>
<b>U.S. Department of Education:</b>			
Passed Through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 24	281,269
Supporting Effective Instruction State Grants	84.367	FY 24	38,170
Student Support and Academic Enrichment Program	84.424	FY 24	23,512
Passed Through Green Hills Area Education Agency:			
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	FY 24	48,182 ***
Career and Technical Education - Basic Grants to States	84.048	FY 24	7,427
<b>Total U.S. Department of Education</b>			<u>398,560</u>
<b>Total</b>			<u><u>\$ 1,016,512</u></u>

\* - Includes \$83,711 of non-cash awards.

\*\* - Total for Child Nutrition Cluster is \$617,952.

\*\*\* - Total for Special Education Cluster (IDEA) is \$48,182.

**Basis of Presentation** - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Shenandoah Community School District under programs of the federal government for the year ended June 30, 2024. 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 Shenandoah Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Shenandoah Community School District.

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

**Subrecipients** - No federal expenditures presented in this schedule were provided to subrecipients.

**Indirect Cost Rate** - Shenandoah Community School District did not elect to use a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
115 North 3rd Avenue West, Newton, Iowa 50208-3218  
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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 Shenandoah Community School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 Shenandoah Community School District as of and for the year ended June 30, 2024, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 7, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

#### Shenandoah Community School District's Responses to Findings

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

#### Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

July 7, 2025  
Newton, Iowa

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
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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 Shenandoah Community School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Shenandoah 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 Shenandoah Community School District's major federal programs for the year ended June 30, 2024. Shenandoah 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 our opinion, Shenandoah 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, 2024.

Basis for Opinion on Each Major Federal Program

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

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



## Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional 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 Shenandoah Community School District's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of Shenandoah 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 Shenandoah Community School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002 to be a material weakness.

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

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

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

A handwritten signature in black ink, appearing to read "Nolte, Cornman & Johnson PC". The signature is stylized and cursive.

NOLTE, CORNMAN & JOHNSON, P.C.

July 7, 2025  
Newton, Iowa

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements. No significant deficiencies were reported.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) Major programs were as follows:
  - Child Nutrition Cluster
    - Assistance Listing Number 10.553 - School Breakfast Program
    - Assistance Listing Number 10.555 - National School Lunch Program
    - Assistance Listing Number 10.559 - Summer Food Service Program for Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Shenandoah Community School District did not qualify as a low-risk auditee.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

2024-001 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 - One individual has control over one or more of the following areas for the District:

- 1) Cash - handling and recording cash, posting and reconciling.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Capital assets - recording and reconciling.
- 4) Payroll - recordkeeping, preparation, posting, and distribution.
- 5) Financial reporting - preparing, reconciling and approving.
- 6) Journal entries - writing, approving and posting.

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

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

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Plan - The district will review the processes for duty segregation of the financial and cash management areas.

Conclusion - Response accepted.

SHENANDOAH COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

**Assistance Listing Number 10.553: School Breakfast Program**  
**Assistance Listing Number 10.555: National School Lunch Program**  
**Assistance Listing Number 10.559: Summer Food Service Program for Children**  
**Pass-Through Entity Identifying Number: FY24**  
**Federal Award Year: 2024**  
**Prior Year Finding Number: N/A**  
**U.S. Department of Agriculture**  
**Passed through the Iowa Department of Education**

2024-002 Segregation of Duties

One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted one individual has control over portions of one or more of the following areas for the District relating to major federal programs; cash, investments, capital assets, payroll, financial reporting and journal entries. See finding 2024-001.

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

2024-A Certified Budget - Expenditures for the year ended June 30, 2024 exceeded the amended certified budget in the other expenditures function.

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

Response - The district will review the process for amending the budget and make appropriate adjustments as recommended.

Conclusion - Response accepted.

2024-B Questionable Disbursements - We noted no instances of the District that would not appear to meet public purpose as defined in an Attorney General's opinion dated April 25, 1979.

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

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

Name, Title and Business Connection	Transaction Description	Amount
Aaron Burdorf, Administrator Spouse owns JKay Photo and Design	Services/Supplies	\$1,151
Linnea Shook, Teacher Spouse owns Shook Music Studio	Services	\$460
Andy Campbell, Teacher Owns Andy Campbell Fencing	Services	\$53

In accordance with an Attorney General's opinion dated November 9, 1976, the above transactions with spouses of District employees do not appear to represent a conflict of interest.

In accordance with Chapter 279.7A of the Code of Iowa, the above transactions with the District's Board Member do not appear to represent a conflict of interest.

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

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

- 2024-G Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

- 2024-H Certified Enrollment - We noted the basic enrollment data certified to the Iowa Department of Education was understated by 2.00 students.

Recommendation - The Iowa Department of Education and the Iowa Department of Management should be contacted to resolve this matter.

Response - The District's auditor will contact the Iowa Department of Education and Iowa Department of Management to resolve this matter.

Conclusion - Response accepted.

- 2024-I Supplementary Weighting - We noted the supplementary weighting certified to the Iowa Department of Education was overstated by 0.063.

Recommendation - The Iowa Department of Education and the Iowa Department of Management should be contacted to resolve this matter.

Response - The District's auditor will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.

Conclusion - Response accepted.

- 2024-J Deposits and Investments - We noted 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.

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

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

2024-M Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2024, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 1,593,112
Revenues:		
Sales tax revenues	\$ 1,383,625	
Other local revenues	<u>90,425</u>	<u>1,474,050</u>
Expenditures/transfers out:		
School infrastructure construction	553,712	
Equipment	96,616	
Other	1,600	
Transfers to the Debt Service Fund	<u>927,522</u>	<u>1,579,450</u>
Ending balance		<u><u>\$ 1,487,712</u></u>

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