

**Dallas Center - Grimes Community School District
Grimes, Iowa**

Basic Financial Statements

June 30, 2025

**Dallas Center - Grimes Community School District
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**Dallas Center - Grimes Community School District
Board of Education and Administration
June 30, 2025**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Ryan Carpenter	President	2027
Monica Malmberg	Vice President	2025
Nancy Baker Curtis	Board Member	2027
Meg Dickinson	Board Member	2027
Nick Fiala	Board Member	2025
Brandon McNace	Board Member	2025
Shaylee Vander Velden	Board member	2027
 <u>School Officials</u>		
Dr. Scott Blum	Superintendent	2026
Michelle Wearmouth	Board Secretary/Treasurer and Business Manager	Indefinite
Ahler's Law Firm	Attorney	Indefinite

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Independent Auditor's Report

To the School Board
Dallas Center - Grimes Community School District
Grimes, Iowa

Report on Audit of the Basic Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dallas Center - Grimes Community School District, Grimes, Iowa, as of and for the year ended June 30, 2025, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to in the first paragraph 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 Dallas Center - Grimes Community School District, Grimes, Iowa, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 the Financial Statements section of our report. We are required to be independent of Dallas Center - Grimes Community School District and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Responsibilities of Management for the Financial Statements

The management of Dallas Center - Grimes Community School District is responsible for the preparation and fair presentation of the 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 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 judgment 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the 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 that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary Information as listed in the Table of Contents 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 Auditing Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2025 on our consideration of the 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 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 the District's internal control over financial reporting and compliance.

Bergank DV, Ltd.

St. Cloud, Minnesota
October 21, 2025

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Dallas Center-Grimes Community School District Management's Discussion and Analysis

Dallas Center-Grimes 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, 2025. We encourage readers to consider this information in conjunction with the District's financial statements, which follow this narrative overview and analysis.

Financial Highlights

- The assets and deferred outflows of resources of Dallas Center-Grimes Community School District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$99,612,247.
- General Fund revenues increased from \$48,083,121 in fiscal 2024 to \$49,190,642 in fiscal 2025, while General Fund expenditures increased from \$46,602,476 in fiscal 2024 to \$48,052,382 in fiscal 2025. The District's General Fund balance increased from \$10,672,587 in fiscal 2024 to \$11,810,847 in fiscal 2025. General Fund revenues increased due to an increase in state funding related to the amount received per student and an increase in the number of students served. General Fund expenditures increased due to the increase in salaries and benefits and additional programming.

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 Dallas Center-Grimes Community School District as a whole and present an overall view of the District's finances.

The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Dallas Center-Grimes Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Dallas Center-Grimes Community School District acts solely as a custodian for the benefit of those outside of the District.

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

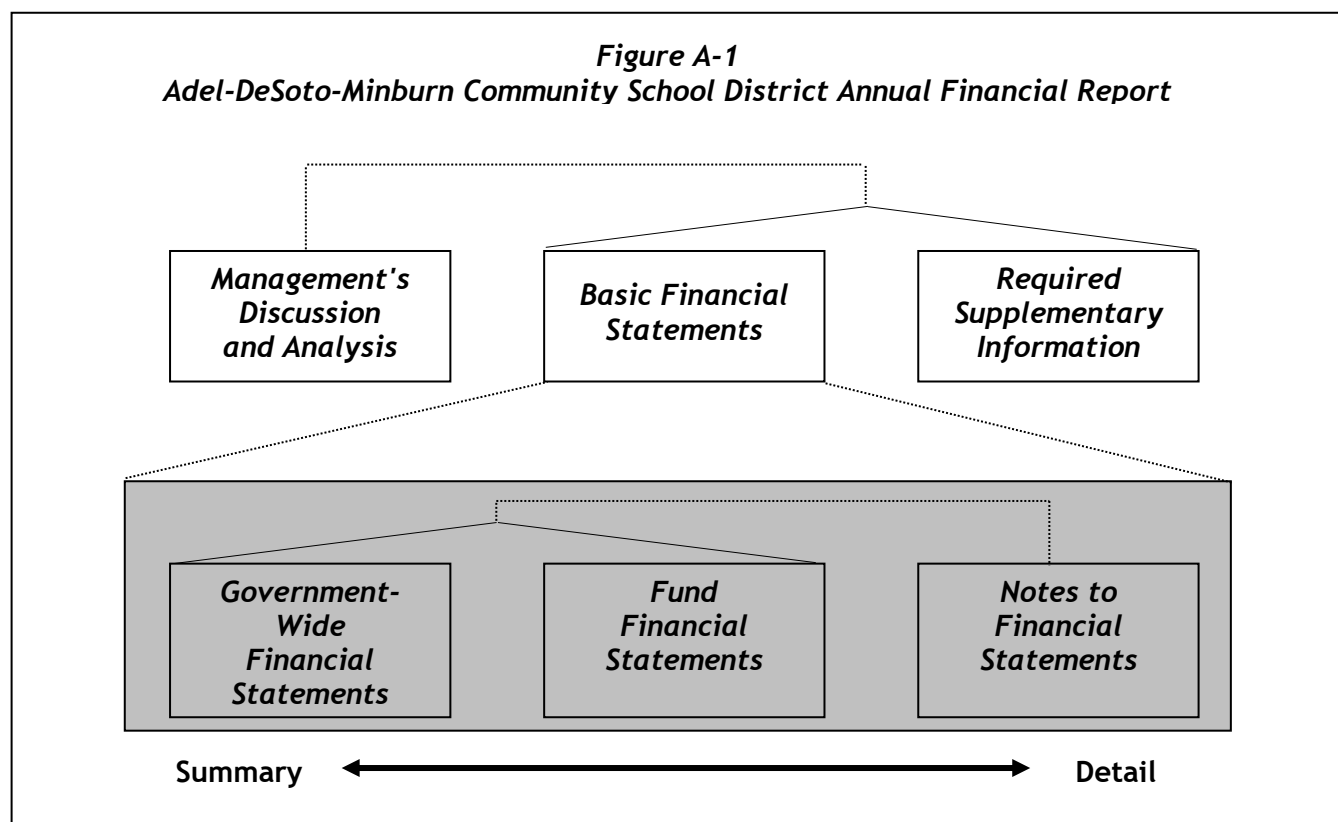
Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the schedule of changes in total OPEB liability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

Supplementary Information provides detailed information about the nonmajor governmental funds.

**Dallas Center-Grimes Community School District
Management's Discussion and Analysis**

USING THIS ANNUAL REPORT (CONTINUED)

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



**Dallas Center-Grimes Community School District
Management's Discussion and Analysis**

USING THIS ANNUAL REPORT (CONTINUED)

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.

<p style="text-align: center;">Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</p>				
	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 services, student construction and student operated farm.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and custodial monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue expenses, and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital 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 assets 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 assets that is applicable to a future reporting period	Consumption/acquisition of net assets that is applicable to a future reporting period
Type of inflow/outflow information	All revenue and expenses during year, regardless of when cash is received or paid	Revenue 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 revenue 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

Dallas Center-Grimes Community School District Management's Discussion and Analysis

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-Wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenue 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 nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

- *Governmental Activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-Type Activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition and future farmers of America 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 it is properly using certain revenue 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 (a) how cash and other financial assets that can readily be converted to cash flow in and out and (b) 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 revenue, expenditures, and changes in fund balances.

**Dallas Center-Grimes Community School District
Management's Discussion and Analysis**

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES (CONTINUED)

Fund Financial Statements (Continued)

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

The required financial statements for proprietary funds include a statement of net position, a statement of revenue, expenses and changes in fund net position and a statement of cash flows.

3. *Fiduciary Funds:* The District is the custodian for assets that belong to others. These funds include the custodial fund.

The Custodial Fund is used to account for assets held by the District that belong to others.

The District is responsible for ensuring that 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.

**Dallas Center-Grimes Community School District
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business- Type Activities		Total District		Percent Change
	June 30,		June 30,		June 30,		
	2025	2024	2025	2024	2025	2024	
Current and other assets	\$ 96,726,704	\$ 87,287,663	\$ 1,324,015	\$ 1,337,960	\$ 98,050,719	\$ 88,625,623	10.63%
Capital assets	114,715,226	115,232,561	231,021	273,521	114,946,247	115,506,082	-0.48%
Total assets	211,441,930	202,520,224	1,555,036	1,611,481	212,996,966	204,131,705	4.34%
Deferred outflows of resources	4,588,983	6,186,590	-	-	4,588,983	6,186,590	-25.82%
Total assets and deferred outflows of resources	\$216,030,913	\$208,706,814	\$ 1,555,036	\$ 1,611,481	\$217,585,949	\$210,318,295	3.46%
Current liabilities	\$ 9,650,139	\$ 9,836,942	\$ -	\$ 87,655	\$ 9,650,139	\$ 9,924,597	-2.77%
Long-term liabilities	77,525,337	82,618,593	-	-	77,525,337	82,618,593	-6.16%
Total liabilities	87,175,476	92,455,535	-	87,655	87,175,476	92,543,190	-5.80%
Deferred inflows of resources	30,798,226	30,821,998	-	-	30,798,226	30,821,998	-0.08%
Net position							
Net investment in capital assets	45,951,604	43,866,335	231,021	273,521	46,182,625	44,139,856	4.63%
Restricted	43,099,862	34,995,478	-	-	43,099,862	34,995,478	23.16%
Unrestricted	9,005,745	6,567,468	1,324,015	1,250,305	10,329,760	7,817,773	32.13%
Total net position	98,057,211	85,429,281	1,555,036	1,523,826	99,612,247	86,953,107	14.56%
Total liabilities, deferred inflows of resources, and net position	\$216,030,913	\$208,706,814	\$ 1,555,036	\$ 1,611,481	\$217,585,949	\$210,318,295	3.46%

The District's total net position increased 14.6%, or \$12,659,140, from the prior year. The primary reason for the increase was positive fund operations in the District's funds, especially the capital project funds.

The largest portion of the District's net position is invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets, this amount increased due to current year additions and debt payments outpacing depreciation and new debt issued.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$8,104,384, or 23.2%, over the prior year due to decreased spending on capital projects.

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 \$2,511,987, or 32.1%. The increase in unrestricted net position was primarily a result of an increase in the deferred outflows of resources due to changes in actuarial assumptions causing an overall decrease in the net pension liability.

**Dallas Center-Grimes Community School District
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

**Figure A-4
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total District		Percent
	2025	2024	2025	2024	2025	2024	Change
Revenues							
Program revenues							
Charges for services	\$ 6,451,333	\$ 5,251,996	\$ 1,258,659	\$ 1,433,224	\$ 7,709,992	\$ 6,685,220	15.33%
Operating grants and contributions and restricted interest	7,666,639	8,377,987	806,299	897,695	8,472,938	9,275,682	-8.65%
Capital grants and contributions and restricted interest	335,171	-	-	-	335,171	-	N/A
General revenues							
Property tax	29,652,326	26,412,488	-	-	29,652,326	26,412,488	12.27%
Statewide sales, services and use tax	4,631,402	4,581,784	-	-	4,631,402	4,581,784	1.08%
Unrestricted state grants	19,941,038	19,015,121	-	-	19,941,038	19,015,121	4.87%
Unrestricted investment earnings	2,001,325	2,034,113	54,681	58,900	2,056,006	2,093,013	-1.77%
Total revenues	<u>70,679,234</u>	<u>65,673,489</u>	<u>2,119,639</u>	<u>2,389,819</u>	<u>72,798,873</u>	<u>68,063,308</u>	<u>6.96%</u>
Program Expenses							
Instruction	32,824,653	31,681,981	-	-	32,824,653	31,681,981	3.61%
Support services	17,353,052	15,362,621	-	-	17,353,052	15,362,621	12.96%
Noninstructional programs	-	-	2,088,429	2,483,173	2,088,429	2,483,173	-15.90%
Other	7,873,599	6,125,976	-	-	7,873,599	6,125,976	28.53%
Total expenses	<u>58,051,304</u>	<u>53,170,578</u>	<u>2,088,429</u>	<u>2,483,173</u>	<u>60,139,733</u>	<u>55,653,751</u>	<u>8.06%</u>
Change in net position	12,627,930	12,502,911	31,210	(93,354)	12,659,140	12,409,557	-2.01%
Beginning of year net position	85,429,281	63,568,277	1,523,826	1,617,180	86,953,107	65,185,457	33.39%
Error correction	-	8,428,489	-	-	-	8,428,489	N/A
Change in accounting principle	-	929,604	-	-	-	929,604	N/A
Beginning of year net position, restated	<u>85,429,281</u>	<u>72,926,370</u>	<u>1,523,826</u>	<u>1,617,180</u>	<u>86,953,107</u>	<u>66,115,061</u>	<u>31.52%</u>
End of year net position	<u>\$ 98,057,211</u>	<u>\$ 85,429,281</u>	<u>\$ 1,555,036</u>	<u>\$ 1,523,826</u>	<u>\$ 99,612,247</u>	<u>\$ 77,595,014</u>	<u>28.37%</u>

In fiscal year 2025, property tax, statewide sales, services and use tax and unrestricted state grants accounted for 76.7% of governmental activities revenue while charges for service and operating grants, other and unrestricted interest accounted for 100% of business-type activities revenue. The District's total revenue was approximately \$72.8 million, of which approximately \$70.7 million was for governmental activities and \$2.1 million was for business-type activities.

As shown in Figure A-4, the District as a whole experienced a 7.0% increase in revenue and an 8.1% increase in expenses. The increase in revenues was due to increases in student counts and amount received per student. The increase in expenses is primarily due to increased salaries and wages as well as increased repairs and maintenance costs.

Governmental Activities

Revenue for governmental activities was \$70,679,234 and expenses were \$58,051,304, which amounted to an increase in net position of \$12,627,930 for the year ended June 30, 2025.

**Dallas Center-Grimes Community School District
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities (Continued)

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, 2025, compared to the year ended June 30, 2024.

**Figure A-5
Total and Net Cost of Governmental Activities**

	Total Cost of Service			Net Cost of Service		
	2025	2024	Percentage Change	2025	2024	Percentage Change
Instruction	\$32,824,653	\$31,681,981	3.61%	\$20,796,731	\$21,038,256	-1.15%
Support Services	17,353,052	15,362,621	12.96%	16,980,090	15,333,809	10.74%
Other	7,873,599	6,125,976	28.53%	5,821,340	3,168,530	83.72%
Total	\$58,051,304	\$53,170,578	9.18%	\$43,598,161	\$39,540,595	10.26%

For the year ended June 30, 2025:

- The cost financed by users of the District's programs was \$6,451,333.
- Federal and state governments and private entities subsidized certain programs with grants and contributions totaling \$8,001,810.
- The net cost of governmental activities was financed with \$34,283,728 in property and other taxes, \$19,941,038 in unrestricted state and federal grants, \$2,001,325 in unrestricted investment earnings.

Business-Type Activities

Revenue for business-type activities during the year ended June 30, 2025, was \$2,119,639, representing a 11.3% decrease over the prior year due to a decreased number of meals served, while expenses totaled \$2,088,429, a 15.9% decrease over the prior year due to fewer meals served. The District's business-type activities include the School Nutrition Fund, Student Construction Fund and Farm Account Fund. Revenue of these activities was comprised of charges for service, federal and state reimbursements and grants and investment earnings.

- Charges for service represent 59.4% of total revenue for fiscal years 2025. This represents the amount paid by students/staff for daily food service and farm sales.
- Federal and state operating grants, included reimbursement for meals, payments for free and reduced lunches, commodities provided to the District and other miscellaneous grants, totaled \$806,299, or 38.0% of total revenue.

Dallas Center-Grimes Community School District Management's Discussion and Analysis

INDIVIDUAL FUND ANALYSIS

As previously noted, Dallas Center-Grimes 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 \$53,944,575, an increase of \$9,063,060 from last year's ending fund balances of \$44,881,515. The primary reason for the increase in combined fund balances at the end of fiscal year 2025 was due to decreased capital spending, positive general fund operations, and continued increases in debt service reserves. Revenue increased from the prior year; \$5,005,745, or 7.6% due to increased state grants received and an increase in the property tax levy. Expenditures decreased 1.9% due to decreased capital expenditures.

Governmental Fund Highlights

The General Fund is the chief operating fund of the District. At the end of fiscal year 2025, unassigned fund balance of the General Fund was \$9,922,878 while total fund balance increased from \$10,672,587 at the end of fiscal year 2024 to \$11,810,847 the end of fiscal year 2025.

The General Fund balance increased by \$1,138,260, or 10.7%, during the current fiscal year. The primary reasons for this increase were fund operations.

The Debt Service Fund balance increased from \$16,293,138 at the end of fiscal year 2024 to \$19,370,659 at the end of fiscal year 2025. The increase in fund balance due to pre levying for future debt service costs. Current year expenditures included principal and interest.

The Management Levy Fund balance increased from \$1,274,601 at the end of fiscal year 2024 to \$2,077,024 at the end of fiscal year 2025. The increase is due to an increase in this fund's share of the property tax levy. Current year expenditures included insurance costs.

The Capital Projects Fund balance increased from \$16,244,388 as of June 30, 2024, to \$20,260,085 as of June 30, 2025. Revenues decreased due to a decrease in this fund's share in the property tax levy. Expenditures decreased due to fewer capital project expenditures.

Proprietary Fund Highlights

School Nutrition Fund net position was \$1,498,997 as of June 30, 2025. Revenue decreased due to decreased number of meals served. Expenses decreased due to the decreased number of meals served.

The Student Construction fund net position was \$29,141 as of June 30, 2025. This fund had no activity during this fiscal year.

The Farm Account fund net position was \$26,898 as of June 30, 2025. This fund had minimal activity during the fiscal year.

Dallas Center-Grimes Community School District Management's Discussion and Analysis

BUDGETARY HIGHLIGHTS

In accordance with state law, the school board annually adopts a budget following the public notice and hearing requirements. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The District adopts a budget in April for the following year and at the same time considers a budget amendment for expenditures for the current year. The District did not amend its original budget for fiscal year 2025.

A schedule showing the original and final budget amounts compared to the District's actual financial activity is provided in this report as required supplementary information.

The District's total revenue was \$4,324,135 more than total budgeted revenue, a variance of 6.3%, primarily due to receiving more local sources aid than anticipated.

Total expenditures were \$15,530,013 less than total budgeted expenditures, a variance of 19.6%, primarily due to conservative budgeting.

The certified budget was not exceeded in any individual functions, and the District's total spending authority was not exceeded.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the District had invested \$114,946,247, net of accumulated depreciation, in a broad range of capital assets, including land, buildings and improvements, land improvements, equipment, furniture and construction in progress (See Figure A-6). This represents a net decrease of 0.5% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense was \$4,109,531 for Governmental Activities and \$42,500 for Business-Type Activities.

The original cost of the District's capital assets was approximately \$158.4 million. Governmental funds account for approximately \$157.3 million with the remainder of approximately \$1.1 million accounted for in the Proprietary Funds.

**Figure A-6
Capital Assets, Net of Depreciation**

	Governmental Activities		Business-Type Activities		Total District		Percentage Change
	June 30,		June 30,		June 30,		
	2025	2024	2025	2024	2025	2024	
Land	\$ 5,885,890	\$ 5,885,890	\$ -	\$ -	\$ 5,885,890	\$ 5,885,890	0.00%
Construction in progress	864,267	1,803,191	-	-	864,267	1,803,191	-52.07%
Buildings and Improvements	103,368,547	103,060,019	-	-	103,368,547	103,060,019	0.30%
Improvements other than buildings	616,256	690,533	-	-	616,256	690,533	-10.76%
Machinery and equipment	3,980,266	3,792,928	231,021	273,521	4,211,287	4,066,449	3.56%
Total	\$114,715,226	\$115,232,561	\$ 231,021	\$ 273,521	\$114,946,247	\$115,506,082	-0.48%

**Dallas Center-Grimes Community School District
Management's Discussion and Analysis**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt

As of June 30, 2025, the District had \$79,911,337 of total long-term debt outstanding. This represents a decrease of 5.9% 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 Constitution of the State of Iowa limits the amount of debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding debt is significantly below its constitutional debt limit of approximately \$135.9 million.

**Figure A-7
Outstanding Long-Term Debt**

	Total District June 30,		Percent Change
	2025	2024	
General obligation bonds	\$ 60,885,000	\$ 63,225,000	-3.7%
Revenue bonds	4,925,000	4,925,000	0.0%
Net pension liability	10,591,979	13,013,922	-18.6%
Total OPEB liability	555,736	578,445	-3.9%
Unamortized bond premium	2,953,622	3,216,226	-8.2%
Total	\$ 79,911,337	\$ 84,958,593	-5.9%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Approximately 82% of the general fund budget is salary and benefits. Current economic factors have driven district staff wage settlements higher than the increase the district has received in supplemental state aid growth.
- The District has experienced enrollment growth over several of the last ten years, however enrollment growth has stagnated since August 2023. The district has seen slight enrollment declines in October of FY24, FY25, and FY26. While outlook from the City of Grimes indicates significant housing increases, the District should monitor enrollment trend closely and make adjustments as needed.
- The District's population in 2010 was estimated at 9,869 which is approximately 51% growth over the 2000 census. The District's population in 2020 was estimated at 17,293 according to the 2020 census which is approximately 75% growth over the 2010 census. The district should monitor demographic changes and base future estimates on conservative figures based on that data.
- The bond issue voted September 11, 2018 had an 84.5% positive vote in the election and construction will began in the 2018-19 fiscal year on Oak View 7-8 as well as 5-6 middle school renovation, and continued through 2021-22 and 2023-24 with the high school renovation and additions. The voters of the District will consider a new bond of \$88 million in November 2025 to complete projects that impact nearly every facility in the District.

**Dallas Center-Grimes Community School District
Management's Discussion and Analysis**

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

- Private and corporate homebuilders continue to select the Grimes area for new home construction. The recent rate of growth will allow for a manageable transition to additional facilities, but accelerated rates of growth expected will greatly stress current facilities. The District continues to monitor growth of residential housing by monitoring the number of building permits granted. At this time, infrastructure for residential housing is occurring in several developments in Grimes.
- The District has contracted the services of RSP Associates to monitor and project enrollment growth. This is yet another factor providing information to the administration and subsequently to the Facilities committee to plan for enrollment growth.
- In March 2025, the District approved a new Statement of Purpose for the SAVE local option sales tax which is effective until 2051. This will allow a greater use of SAVE funds and adding to the capacity for projects that have primarily been PPEL projects.
- In the fall of 2008, the District established a community wide facility committee. The facility committee continues to meet to review future facility needs of the District and reviews uses of funds for projects or the need for future bonding for major construction.
- The District voters passed the renewal of a voter-approved PPEL levy in March 2025 for 10 years. These funds will continue to support repair and renovations in the District and possible funds for needed additions to facilities.
- Along with growth, transportation needs to transport students to school locations continues to grow. The District has purchased four new buses in the fiscal year. The District will need to maintain a level of at least two to three bus purchases annually in the future which has been included in the District ten-year PPEL planning. If neighborhood school boundaries are changed, or if grade reconfiguration occurs then bussing needs may also change and additional buses must be purchased per year.
- The Board negotiated a single year agreement for FY25 as the DCGEA moved through the successful recertification process in FY25. The Board negotiated a two-year contract for FY26 and FY27 with reopener language for the second year.
- In January 2023, the bond rating was reviewed by Moody's Investing Service for the eighth time and the rating was upheld at Aa2. The report noted areas of strength including tax base growth, increasing enrollment, and strong fiscal management.
- Over the past several years, the District net open enrollment in and out number has changed dramatically. The 2016 school year experienced a net positive open enrollment students near the same figures as the previous fiscal year while 2017 and fiscal years 2020 through 2023 and 2024 saw a decline primarily based upon space available due to residential growth. Fiscal year 2025 enrollment count experienced growth in net open enrollment. The District will need to be careful of funding ongoing expenditures with funds as variable as open enrollment and make immediate changes in staffing levels if open enrollment drops. The District will also need to monitor students who choose charter schools as new legislation allows public school funding to be distributed to charter schools. The District needs to continue to foster open enrollment to the extent that facilities allow.

Dallas Center-Grimes Community School District Management's Discussion and Analysis

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

- In the January 1, 2017 assessment of District taxable valuation, property values increased by 7%. In the January 1, 2018 assessment of District taxable valuation, property values increased by 13.88 followed by a property value increase in 2019 of 10.84%. In January 2020, value increased by 8.21% then increased 4.57% in FY21. In FY22, the valuation increased 10.61% and in FY23 the valuation increased 9.24%. The FY24 valuation increase was 7.29% yet the FY25 valuation increase was only 2.46%. This percentage is varying greatly and difficult to predict for future projections. With the many variables associated with property tax valuation such as agricultural valuation changes in Dallas County, TIF valuation changes, and reassessment of properties, the District will monitor closely as it may not experience the same historic levels of taxable property valuation growth.
- Area cities continue to discuss and use TIF as means of supporting development. All TIF, but especially residential TIFs will have a negative impact on property tax rate. The District must continue to monitor and oppose TIFs that negatively impact the District.
- Although current facilities are in great condition, there has been an increasing need for annual facility maintenance funds, as District facilities are no longer under warranty and start to age. Much of the increased cost is associated with managing increased technology in our mechanical and electrical systems. The voters of the District approved a voted-PPEL levy to help meet the annual facility maintenance needs. The District recently developed a multi-year facilities need plan to assist in prudent planning for facility improvement and mechanical equipment replacement needs.
- The rapid addition of facilities has been fostered by significant residential and commercial taxable valuation growth. A decrease in valuation will likely have an impact on the District property tax rate. Although District enrollment growth has been manageable, rates of growth similar to other area districts will result in a significant impact upon facilities and in the property tax rate.
- Ongoing discussions of revisions to Highway 44, Highway 141, and the construction of a north/south bypass and/or an east/west bypass will impact the commercial and residential growth of Grimes. A \$250 million mixed-use development in Grimes has been completed and continues to progress. This area will eventually include hotels, restaurants, retail, and a multi-use sports tournament venue for soccer, baseball, softball, and football. This development is called Hope District is proposed for 200 acres northwest of Highway 141 and East First Street. The Grimes City Council has approved a development agreement with Hope Development which addresses infrastructure, ownership, and management by the City of Grimes. The District will continue to monitor these developments for their impact to residential growth impacting enrollment and commercial growth impacting valuation.
- The District has structured payments for General Obligation bonds with several larger payments in the years 2027, 2028, and 2029. This structure will create difficulty in future bonding schedules, and the Board will prudently review this situation and take available action to consider using subsidy payments and pre-levying funds toward prepayment of those bonds to create a favorable payment structure for the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide 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, please contact Michelle Wearmouth, Business Manager at Dallas Center-Grimes Community School District, P.O. Box 680, Grimes, Iowa 50111.

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BASIC FINANCIAL STATEMENTS

Dallas Center - Grimes Community School District
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 64,401,313	\$ 1,310,266	\$ 65,711,579
Receivables			
Property tax - delinquent	47,513	-	47,513
Property tax - succeeding year	29,609,933	-	29,609,933
Accounts receivable	83,572	-	83,572
Due from other governmental units	2,584,373	-	2,584,373
Inventory	-	13,749	13,749
Capital assets, net of accumulated depreciation	107,965,069	231,021	108,196,090
Capital assets not being depreciated	6,750,157	-	6,750,157
Total assets	<u>211,441,930</u>	<u>1,555,036</u>	<u>212,996,966</u>
Deferred Outflows of Resources			
Deferred outflows related to OPEB	77,166	-	77,166
Deferred outflows related to pensions	4,511,817	-	4,511,817
Total deferred outflows of resources	<u>4,588,983</u>	<u>-</u>	<u>4,588,983</u>
 Total assets and deferred outflows of resources	 <u>\$ 216,030,913</u>	 <u>\$ 1,555,036</u>	 <u>\$ 217,585,949</u>
Liabilities			
Accounts and contracts payable	\$ 1,590,317	\$ -	\$ 1,590,317
Salaries and benefits payable	4,253,298	-	4,253,298
Interest payable	376,835	-	376,835
Due to other governmental units	1,043,689	-	1,043,689
Bonds payable			
Due within one year	2,350,000	-	2,350,000
Due in more than one year	66,413,622	-	66,413,622
Total OPEB liability			
Due within one year	36,000	-	36,000
Due in more than one year	519,736	-	519,736
Net pension liability - due in more than one year	10,591,979	-	10,591,979
Total liabilities	<u>87,175,476</u>	<u>-</u>	<u>87,175,476</u>
Deferred Inflows of Resources			
Property tax levied for succeeding year	29,609,933	-	29,609,933
Deferred inflows related to OPEB	1,159,117	-	1,159,117
Deferred inflows related to pensions	29,176	-	29,176
Total deferred inflows of resources	<u>30,798,226</u>	<u>-</u>	<u>30,798,226</u>
Net Position			
Net investment in capital assets	45,951,604	231,021	46,182,625
Restricted for			
Categorical funding	1,342,969	-	1,342,969
Debt service	18,993,824	-	18,993,824
School infrastructure	13,612,239	-	13,612,239
Physical plant and equipment	6,647,846	-	6,647,846
Student activities	425,960	-	425,960
Management levy purposes	2,077,024	-	2,077,024
Unrestricted	9,005,745	1,324,015	10,329,760
Total net position	<u>98,057,211</u>	<u>1,555,036</u>	<u>99,612,247</u>
 Total liabilities, deferred inflows of resources, and net position	 <u>\$ 216,030,913</u>	 <u>\$ 1,555,036</u>	 <u>\$ 217,585,949</u>

See notes to basic financial statements.

Dallas Center - Grimes Community School District
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenue, and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Instruction	\$ 32,824,653	\$ 6,451,333	\$ 5,576,589	\$ -	\$ (20,796,731)	\$ -	\$ (20,796,731)
Support Services							
Student	953,854	-	-	-	(953,854)	-	(953,854)
Instructional staff	3,000,362	-	-	-	(3,000,362)	-	(3,000,362)
Administration	4,641,891	-	-	-	(4,641,891)	-	(4,641,891)
Operation and maintenance of plant	6,619,635	-	-	335,171	(6,284,464)	-	(6,284,464)
Transportation	2,137,310	-	37,791	-	(2,099,519)	-	(2,099,519)
Facilities acquisition	1,277,853	-	-	-	(1,277,853)	-	(1,277,853)
AEA Flow through	1,373,932	-	1,373,932	-	-	-	-
Interest and fiscal charges	2,373,471	-	678,327	-	(1,695,144)	-	(1,695,144)
Unallocated depreciation	2,848,343	-	-	-	(2,848,343)	-	(2,848,343)
Total governmental activities	58,051,304	6,451,333	7,666,639	335,171	(43,598,161)	-	(43,598,161)
Business-type activities							
Noninstructional programs							
Food service operations	2,088,429	1,256,799	806,299	-	-	(25,331)	(25,331)
Future Farmers of America operations	-	1,860	-	-	-	1,860	1,860
Total business-type activities	2,088,429	1,258,659	806,299	-	-	(23,471)	(23,471)
Total	<u>\$ 60,139,733</u>	<u>\$ 7,709,992</u>	<u>\$ 8,472,938</u>	<u>\$ 335,171</u>	<u>(43,598,161)</u>	<u>(23,471)</u>	<u>(43,621,632)</u>
General revenues							
Taxes							
Property taxes, levied for general purposes					15,527,171	-	15,527,171
Property taxes, levied for debt service					7,285,059	-	7,285,059
Property taxes, levied for management levy					3,833,261	-	3,833,261
Property taxes, levied for capital outlay					3,006,835	-	3,006,835
Unrestricted statewide sales, services, and use tax					4,631,402	-	4,631,402
Unrestricted state grants					19,941,038	-	19,941,038
Unrestricted investment earnings					2,001,325	54,681	2,056,006
Total general revenues					56,226,091	54,681	56,280,772
Change in net position					12,627,930	31,210	12,659,140
Net position - beginning					85,429,281	1,523,826	86,953,107
Net position - ending					<u>\$ 98,057,211</u>	<u>\$ 1,555,036</u>	<u>\$ 99,612,247</u>

See notes to basic financial statements.

Dallas Center - Grimes Community School District
Balance Sheet - Governmental Funds
June 30, 2025

	General (10)	Debt Service (40)	Management Levy (22)	Capital Projects
Assets				
Cash and investments	\$ 15,441,969	\$ 19,364,888	\$ 2,230,713	\$ 20,138,840
Receivables				
Property tax - delinquent	25,350	11,221	6,311	4,631
Property tax - succeeding year	15,031,944	7,617,102	3,820,000	3,140,887
Accounts receivable	17,004	-	-	-
Due from other governmental units	2,098,691	-	-	485,682
Total assets	<u>\$ 32,614,958</u>	<u>\$ 26,993,211</u>	<u>\$ 6,057,024</u>	<u>\$ 23,770,040</u>
Liabilities				
Accounts and contracts payable	\$ 492,637	\$ 5,450	\$ 160,000	\$ 369,068
Salaries and benefits payable	4,253,298	-	-	-
Due to other governmental units	1,026,232	-	-	-
Total liabilities	<u>5,772,167</u>	<u>5,450</u>	<u>160,000</u>	<u>369,068</u>
Deferred Inflows of Resources				
Property tax levied for succeeding year	<u>15,031,944</u>	<u>7,617,102</u>	<u>3,820,000</u>	<u>3,140,887</u>
Fund Balances				
Restricted for				
Categorical funding	1,342,969	-	-	-
Debt service	-	19,370,659	-	-
School infrastructure	-	-	-	13,612,239
Physical plant and equipment	-	-	-	6,647,846
Management levy purposes	-	-	2,077,024	-
Student activities	-	-	-	-
Committed for				
Future curriculum purchases	545,000	-	-	-
Unassigned	9,922,878	-	-	-
Total fund balances	<u>11,810,847</u>	<u>19,370,659</u>	<u>2,077,024</u>	<u>20,260,085</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,614,958</u>	<u>\$ 26,993,211</u>	<u>\$ 6,057,024</u>	<u>\$ 23,770,040</u>

<u>Nonmajor</u>		
Student	Total	
Activity (21)	Governmental	
	Funds	
\$ 400,036	\$ 57,576,446	
-	47,513	
-	29,609,933	
66,568	83,572	
-	2,584,373	
<u>\$ 466,604</u>	<u>\$ 89,901,837</u>	
\$ 23,187	\$ 1,050,342	
-	4,253,298	
17,457	1,043,689	
<u>40,644</u>	<u>6,347,329</u>	
-	29,609,933	
-	1,342,969	
-	19,370,659	
-	13,612,239	
-	6,647,846	
-	2,077,024	
425,960	425,960	
-	545,000	
-	9,922,878	
<u>425,960</u>	<u>53,944,575</u>	
<u>\$ 466,604</u>	<u>\$ 89,901,837</u>	

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Dallas Center - Grimes Community School District
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2025

Total fund balances - governmental funds	\$ 53,944,575
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	157,264,176
Less accumulated depreciation	(42,548,950)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Bonds payable	(65,810,000)
Bond premiums	(2,953,622)
Total OPEB liability	(555,736)
Net pension liability	(10,591,979)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions and OPEB that are not recognized in the governmental funds.	
Deferred outflows related to pensions	4,511,817
Deferred inflows related to pensions	(29,176)
Deferred inflows related to OPEB	(1,159,117)
Deferred outflows related to OPEB	77,166
An internal service fund is used by management to charge the costs of the District's health insurance services to various entities and individuals. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position and interfund activity is removed.	
	6,284,892
Governmental funds do not report a liability for accrued interest on bonds until due and payable.	<u>(376,835)</u>
Total net position - governmental activities	<u><u>\$ 98,057,211</u></u>

Dallas Center - Grimes Community School District
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2025

	General (10)	Debt Service (40)	Management Levy (22)	Capital Projects
Revenues				
Revenue from local sources				
Local property taxes	\$ 15,371,488	\$ 7,224,282	\$ 3,793,860	\$ 2,981,750
Tuition	4,031,057	-	-	-
Other local and county revenues	1,609,459	484,917	-	1,350,940
Revenue from state sources	26,558,573	60,777	39,401	4,656,487
Revenue from federal sources	1,620,065	-	-	-
Total revenues	<u>49,190,642</u>	<u>7,769,976</u>	<u>3,833,261</u>	<u>8,989,177</u>
Expenditures				
Current				
Instruction				
Regular	18,476,516	-	165,220	-
Special	7,420,155	-	-	-
Other	5,985,587	-	-	-
Support services				
Student	980,181	-	-	-
Instructional staff	2,999,237	-	-	-
Administration	1,173,052	-	57,520	-
School administration	2,134,257	-	-	-
Business and central administration	1,044,267	-	-	337,194
Operation and maintenance of plant	4,180,149	-	2,664,198	14,393
Transportation	1,761,697	-	143,900	500
Other expenditures				
AEA flowthrough	1,373,932	-	-	-
Facilities acquisition	-	-	-	1,493,199
Capital outlay	523,352	-	-	2,840,082
Debt service				
Principal	-	2,340,000	-	-
Interest and fiscal charges	-	2,640,567	-	-
Total expenditures	<u>48,052,382</u>	<u>4,980,567</u>	<u>3,030,838</u>	<u>4,685,368</u>
Excess of revenues over (under) expenditures	1,138,260	2,789,409	802,423	4,303,809
Other Financing Sources (Uses)				
Transfers in	-	288,112	-	-
Transfers out	-	-	-	(288,112)
Total other financing sources (uses)	<u>-</u>	<u>288,112</u>	<u>-</u>	<u>(288,112)</u>
Net change in fund balances	1,138,260	3,077,521	802,423	4,015,697
Fund Balances				
Beginning of year	<u>10,672,587</u>	<u>16,293,138</u>	<u>1,274,601</u>	<u>16,244,388</u>
End of year	<u>\$ 11,810,847</u>	<u>\$ 19,370,659</u>	<u>\$ 2,077,024</u>	<u>\$ 20,260,085</u>

See notes to basic financial statements.

<u>Nonmajor</u>	
<u>Student</u>	<u>Total</u>
<u>Activity (21)</u>	<u>Governmental</u>
	<u>Funds</u>
\$ -	\$ 29,371,380
-	4,031,057
896,178	4,341,494
-	31,315,238
-	1,620,065
<u>896,178</u>	<u>70,679,234</u>

-	18,641,736
-	7,420,155
867,019	6,852,606

-	980,181
-	2,999,237
-	1,230,572
-	2,134,257
-	1,381,461
-	6,858,740
-	1,906,097

-	1,373,932
-	1,493,199
-	3,363,434

-	2,340,000
-	2,640,567

<u>867,019</u>	<u>61,616,174</u>
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29,159	9,063,060
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-	288,112
-	(288,112)

<u>-</u>	<u>-</u>
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29,159	9,063,060
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<u>396,801</u>	<u>44,881,515</u>
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<u>\$ 425,960</u>	<u>\$ 53,944,575</u>
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Dallas Center - Grimes Community School District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances to the
Statement of Activities - Governmental Funds
Year Ended June 30, 2025

Net change in fund balances - total governmental funds	\$ 9,063,060
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the useful lives as depreciation expense.	
Capital outlays	3,592,196
Depreciation expense	(4,109,531)
OPEB are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	69,010
Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net position in the Statement of Activities.	2,340,000
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	1,036,155
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	4,492
Governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	262,604
An internal service fund is used by management to charge the costs of the District's health insurance services to various entities and individuals. The change in net position is reported within the governmental activities in the Statement of Activities.	369,944
Change in net position - governmental activities	<u><u>\$ 12,627,930</u></u>

Dallas Center - Grimes Community School District
Statement of Net Position - Proprietary Funds
June 30, 2025

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Self Insurance fund (71)
Assets		
Current		
Cash and cash equivalents	\$ 1,310,266	\$ 6,824,867
Inventory	13,749	-
Total current assets	<u>1,324,015</u>	<u>6,824,867</u>
Noncurrent		
Capital assets, net of accumulated depreciation	<u>231,021</u>	<u>-</u>
Total assets	<u><u>\$ 1,555,036</u></u>	<u><u>\$ 6,824,867</u></u>
Liabilities		
Current		
Accounts payable	<u>\$ -</u>	<u>\$ 539,975</u>
Net Position		
Investment in Capital Assets	231,021	-
Unrestricted	<u>1,324,015</u>	<u>6,284,892</u>
Total net position	<u><u>1,555,036</u></u>	<u><u>6,284,892</u></u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 1,555,036</u></u>	<u><u>\$ 6,824,867</u></u>

Dallas Center - Grimes Community School District
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Self Insurance fund (71)
Operating Revenues		
Local Sources		
Charges for services	\$ 1,249,341	\$ 7,067,458
Other receipts	9,318	-
Total revenue	<u>1,258,659</u>	<u>7,067,458</u>
Operating Expenses		
Insurance	-	6,697,514
Noninstructional programs		
Purchased services	1,753,738	-
Supplies	292,191	-
Depreciation	42,500	-
Total operating expenses	<u>2,088,429</u>	<u>6,697,514</u>
Operating income (loss)	(829,770)	369,944
Nonoperating Revenues		
Federal sources	794,021	-
State sources	12,278	-
Investment income	54,681	-
Total nonoperating revenues	<u>860,980</u>	<u>-</u>
Change in net position	31,210	369,944
Net Position		
Beginning of year	<u>1,523,826</u>	<u>5,914,948</u>
End of year	<u><u>\$ 1,555,036</u></u>	<u><u>\$ 6,284,892</u></u>

Dallas Center - Grimes Community School District
Statement of Cash Flows - Proprietary Funds
Year ended June 30, 2025

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Self Insurance fund (71)
Cash Flows - Operating Activities		
Cash received from miscellaneous operating activities	\$ 1,860	\$ 7,067,458
Cash received from sale of lunches and breakfast	1,247,481	-
Cash received from other	9,318	-
Payments to employees	-	(6,697,514)
Payments to suppliers	(1,997,561)	(63,549)
Net cash flows - operating activities	<u>(738,902)</u>	<u>306,395</u>
Cash Flows - Noncapital Financing Activities		
State grants received	12,278	-
Federal grants received	657,844	-
Net cash flows - noncapital financing activities	<u>670,122</u>	<u>-</u>
Cash Flows - Investment Activities		
Interest received	54,681	-
Net change in cash and cash equivalents	(14,099)	306,395
Cash and Cash Equivalents		
Beginning of year	1,324,365	6,518,472
End of year	<u>\$ 1,310,266</u>	<u>\$ 6,824,867</u>
Reconciliation of Operating Income (Loss) to Net		
Cash Flows - Operating Activities		
Operating income (loss)	\$ (829,770)	\$ 369,944
Adjustments to reconcile operating income (loss) to net cash flows - operating activities		
Commodities used	136,177	-
Depreciation	42,500	-
Inventory	(154)	-
Accounts payable	(87,655)	(63,549)
Net adjustments	<u>90,868</u>	<u>(63,549)</u>
Net cash flows - operating activities	<u>\$ (738,902)</u>	<u>\$ 306,395</u>
Non-Cash Investing, Capital and Related financing activities		
During the year ended June 30, 2025 the District received federal commodities.	\$ 136,177	\$ -

Dallas Center - Grimes Community School District
Statement of Fiduciary Net Position
June 30, 2025

	<u>Custodial Fund</u>
Assets	
Current	
Cash and investments	\$ 81,664
Due from other governments	<u>16,738</u>
Total assets	<u>98,402</u>
Liabilities	
Accounts payable	81,664
Due to other governments	<u>16,738</u>
Total liabilities	<u>98,402</u>
Net Position	<u>\$ -</u>

Dallas Center - Grimes Community School District
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2025

	<u>Custodial Fund</u>
Additions	
Intergovernmental	<u>\$ 16,738</u>
Deductions	
Payments to member districts	<u>16,738</u>
Net Position	
Beginning of year	<u>-</u>
End of year	<u>\$ -</u>

**Dallas Center - Grimes Community School District
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Dallas Center - Grimes Community School District (the District) is a political subdivision of the State of Iowa and operates public schools for children in grades preschool through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and technical and recreational courses. The geographic areas served include the Cities of Dallas Center and Grimes, Iowa, and the predominant agricultural territory in Dallas County. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

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

A. Reporting Entity

For financial reporting purposes, Dallas Center - Grimes 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 basic 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 Dallas County Assessor's Conference Board.

B. Basic Financial Statement Information

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 three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of 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 imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

**Dallas Center - Grimes Community School District
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, 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.

Description of Funds:

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.

The District reports the following major governmental funds:

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

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

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

The Capital Projects Fund - This 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 non-major governmental fund:

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

The District's proprietary funds consist of three nonmajor Enterprise funds and one nonmajor Internal Service fund: School Nutrition, Student Construction and School Farm Account. These funds are used to account for the food service operations, student construction operations and farm rental operations of the District. The internal service fund is used to account for the self-funded health insurance plan of the District.

**Dallas Center - Grimes Community School District
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

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

The Custodial Fund - This fund is used to account for assets held by the District as a custodian for individuals, private organizations, and other governments.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements and the 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 District 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 financed purchases 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, in that order.

**Dallas Center - Grimes Community School District
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

D. Cash, Cash Equivalents, and Investments

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

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

E. Property Tax Receivable

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. 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 deferred 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, 2023 assessed property valuations; is for the tax accrual period July 1, 2024 through June 30, 2025 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2024.

F. Due from Other Governments

Due from other governments represents primarily amounts due from the State of Iowa, also included are amounts due for various shared revenue, grants, and reimbursements from other governments.

G. 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.

Dallas Center - Grimes Community School District
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets, which include property, furniture and equipment, and intangibles acquired after July 1, 1980, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 for governmental activities and \$500 for the proprietary school nutrition program and estimated useful lives in excess of five years.

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 (In Years)
Buildings and infrastructure	50
Improvements other than buildings	20-50
Furniture and equipment	5-15

I. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net assets applicable to a future period(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 project and actual earnings on pension plan investments, and contributions from the District after the measurement date by before the end of the District's reporting period.

J. Salaries and Benefits Payable

Payroll and related expenditures for employees with annual contracts corresponding to a current school year, which are payable in July and August have been accrued as liabilities.

K. Compensated Absences

The liability for compensated absences reported in the statement of net position consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. At June 30, 2025, no liability existed.

**Dallas Center - Grimes Community School District
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Obligations

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net position. Bond premiums are amortized over the life of the bonds using the straight-line method. Refunding of debt may result in deferred gains or losses and are reported as deferred inflows and outflows of resources. The difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of long-term debt interest and fiscal charges using the straight-line method.

In the fund financial statements, governmental fund types recognize premiums, and issuance costs during the current period. The face amount of debt issued is reported as another financing source. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. 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.

N. Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows and deferred inflows 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.

O. Deferred Inflows of Resources

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

Deferred inflows of resources in the statement of net positions consist 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.

**Dallas Center - Grimes Community School District
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balances

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, granters, or state or federal laws or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted fund balance.
- Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.
- Unassigned - All amounts not included in the preceding classifications.

The District's policy outlines a minimum unrestricted, uncommitted general fund balance within a range of 8-15% target range with 8% being the minimum goal.

Q. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplementary information. During the year ended June 30, 2025, expenditures/expenses did not exceed budgeted amounts.

R. Estimates and Assumptions

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. Deposits

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

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities, certificates of deposit or other evidences of deposit at federally insured depository institutions approved by 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, 2025, the District had deposits of \$28,184,024 and a money market account of \$300,598. The Custodial Fund also had deposits of \$81,664.

Dallas Center - Grimes Community School District
Notes to Basic Financial Statements

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

B. Investments

At June 30, 2025, the District had investments as follows:

	Amortized Cost
Iowa Schools Joint Investment Trust (ISJIT) Diversified Portfolio	\$ 20,787,731
Money Market	44,982
State and Local Government Securities	14,547,845
U.S. Treasury Securities	1,846,399
	<hr/>
Total investments	\$ 37,226,957
	<hr/> <hr/>

At June 30, 2025, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Diversified Portfolio which are valued at an amortized cost of \$20,787,731. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services. The State and Local Government Securities mature in 2028 and 2029 and are valued at fair value using Level 2 inputs. The Treasury Securities mature in 2029 and are valued at fair value using Level 2 inputs. The Money Market funds are current and are valued at fair value using Level 1 inputs.

The following is a summary of total deposits and investments:

District Funds	
Deposits - Pooled (Note 2.A.)	\$ 16,490,696
Deposits - Non pooled (Note 2.A.)	11,993,926
Investments - Pooled (Note 2.B.)	7,762,292
Investments - Non pooled (Note 2.B.)	29,464,665
Deposits - Custodial Fund (Note 2.A.)	81,664
	<hr/>
Total deposits and investments	\$ 65,793,243
	<hr/> <hr/>

C. Deposits and Investments

Deposits and investment at June 30, 2025, are presented as follows:

Statement of Net Position	
Cash and Investments	\$ 65,711,579
Custodial Fund	
Cash and Investments	81,664
	<hr/>
Total deposits and investments	\$ 65,793,243
	<hr/> <hr/>

Dallas Center - Grimes Community School District
Notes to Basic Financial Statements

NOTE 3 - INTERFUND TRANSFERS

Transfer In	Transfer Out	Amount
Debt Service	Capital Projects	<u>\$ 288,112</u>

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

NOTE 4 - CAPITAL ASSETS

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

	Balance - Beginning of Year	Increases	Decreases	Balance - End of Year
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 5,885,890	\$ -	\$ -	\$ 5,885,890
Construction in progress	1,803,191	1,690,845	2,629,769	864,267
Total capital assets not being depreciated	<u>7,689,081</u>	<u>1,690,845</u>	<u>2,629,769</u>	<u>6,750,157</u>
Capital assets being depreciated				
Buildings	130,155,139	2,973,016	-	133,128,155
Improvements other than buildings	3,089,524	-	-	3,089,524
Machinery and equipment	13,046,320	1,558,104	308,084	14,296,340
Total capital assets being depreciated	<u>146,290,983</u>	<u>4,531,120</u>	<u>308,084</u>	<u>150,514,019</u>
Less accumulated depreciation for				
Buildings and improvements	27,095,120	2,664,488	-	29,759,608
Improvements other than buildings	2,398,991	74,277	-	2,473,268
Machinery and equipment	9,253,392	1,370,766	308,084	10,316,074
Total accumulated depreciation	<u>38,747,503</u>	<u>4,109,531</u>	<u>308,084</u>	<u>42,548,950</u>
Total capital assets being depreciated, net	<u>107,543,480</u>	<u>421,589</u>	<u>-</u>	<u>107,965,069</u>
Governmental activities capital assets, net	<u>\$ 115,232,561</u>	<u>\$ 2,112,434</u>	<u>\$ 2,629,769</u>	<u>\$ 114,715,226</u>
Business-Type Activities				
Machinery and equipment	\$ 1,145,606	\$ -	\$ -	\$ 1,145,606
Less accumulated depreciation	872,085	42,500	-	914,585
Business-type activities capital assets, net	<u>\$ 273,521</u>	<u>\$ (42,500)</u>	<u>\$ -</u>	<u>\$ 231,021</u>

Dallas Center - Grimes Community School District
Notes to Basic Financial Statements

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the following functions:

Governmental Activities	
Instruction	\$ 954,545
Support Services	
Operation and maintenance of plant	53,076
Transportation	253,567
Unallocated	<u>2,848,343</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 4,109,531</u></u>
 Business-Type Activities	
Food service operations	<u><u>\$ 42,500</u></u>

NOTE 5 - LONG-TERM LIABILITIES

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

	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 63,225,000	\$ -	\$ 2,340,000	\$ 60,885,000	\$ 2,350,000
G.O. bond premiums	3,216,226	-	262,604	2,953,622	-
Revenue bonds	4,925,000	-	-	4,925,000	-
Net pension liability	13,013,922	-	2,421,943	10,591,979	-
Total OPEB liability	<u>578,445</u>	<u>-</u>	<u>22,709</u>	<u>555,736</u>	<u>36,000</u>
 Total	 <u><u>\$ 84,958,593</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 5,047,256</u></u>	 <u><u>\$ 79,911,337</u></u>	 <u><u>\$ 2,386,000</u></u>

A. General Obligation Bonds

Details of the District's June 30, 2025, general obligation indebtedness are as follows:

Year Ended June 30,	General Obligation Bonds				Total
	Interest Rate	Principal	Interest	Credit	
2026	2.00%	\$ 2,350,000	\$ 2,159,724	\$ (583,222)	\$ 3,926,502
2027	2.00%	2,425,000	2,122,386	(583,222)	3,964,164
2028	2.00%	2,465,000	2,054,986	(583,222)	3,936,764
2029	2.00%	13,575,000	1,985,949	(583,222)	14,977,727
2030	2.00%	3,260,000	1,294,550	-	4,554,550
2031-2035	2.00%	18,130,000	5,023,325	-	23,153,325
2036-2039	2.00%	<u>18,680,000</u>	<u>1,650,250</u>	<u>-</u>	<u>20,330,250</u>
 Total		 <u><u>\$ 60,885,000</u></u>	 <u><u>\$ 16,291,170</u></u>	 <u><u>\$ (2,332,888)</u></u>	 <u><u>\$ 74,843,282</u></u>

Dallas Center - Grimes Community School District
Notes to Basic Financial Statements

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

B. Revenue Bonds

Details of the District's June 30, 2025, revenue bonds is as follows:

Year Ended June 30,	Revenue Bonds				Total
	Interest Rate	Principal	Interest	Credit	
2026	2.00%	\$ -	\$ 288,113	\$ (265,300)	\$ 22,813
2027	2.00%	-	288,113	(265,300)	22,813
2028	2.00%	-	288,113	(265,300)	22,813
2029	2.00%	-	288,113	(265,300)	22,813
2030	2.00%	4,925,000	144,056	(132,650)	4,936,406
Total		<u>\$ 4,925,000</u>	<u>\$ 1,296,508</u>	<u>\$ (1,193,850)</u>	<u>\$ 5,027,658</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,925,000 of bonds issued in December 2012. The bonds were issued for the purpose of financing a portion of the costs of a new school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. The total principal and interest, net of credits, remaining to be paid on the notes is \$5,027,658. For the current year, \$22,813 of interest, net of credits, was paid on the bonds and total statewide sales, services and use tax revenues were \$4,631,402.

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

1. All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
2. Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
3. Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District did comply with all of the revenue bond provisions during the year ended June 30, 2025.

**Dallas Center - Grimes Community School District
Notes to Basic Financial Statements**

NOTE 6 - PENSION AND RETIREMENT BENEFITS

A. Plan Description

IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

B. 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 Regular 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 that 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.

C. 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.

Dallas Center - Grimes Community School District
Notes to Basic Financial Statements

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

D. 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 one 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 2025, 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, 2025, were \$2,719,772.

E. Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2025, the District reported a liability of \$10,591,979 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. As of June 30, 2024, the District's proportion was 0.286828% which was an increase of 0.004761% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$1,683,617. As of June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 842,815	\$ 6,581
Changes of assumptions	-	148
Net difference between projected and actual earnings on IPERS investments	132,471	-
Changes in proportion and differences between District contributions and proportionate share of contributions	816,759	22,447
District contributions subsequent to the measurement date	2,719,772	-
Total	<u>\$ 4,511,817</u>	<u>\$ 29,176</u>

Dallas Center - Grimes Community School District
Notes to Basic Financial Statements

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

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

The \$2,719,772 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2026	\$ (978,243)
2027	2,748,352
2028	249,948
2029	(274,922)
2030	17,734
	<hr/>
Total	<u><u>\$ 1,762,869</u></u>

There were no non-employer contributing entities to IPERS.

F. Actuarial Assumptions

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

Rate of inflation (effective June 30, 2017)	2.6% per annum.
Salary increases (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)	7.0% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.6% inflation assumption and 0.65% real wage inflation.

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

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

Dallas Center - Grimes Community School District
Notes to Basic Financial Statements

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

F. Actuarial Assumptions (Continued)

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 %	3.52 %
International equity	13.0	5.18
Global smart beta equity	5.0	4.12
Core plus fixed income	25.5	3.04
Public credit	3.0	4.53
Cash	1.0	1.69
Private equity	17.0	8.89
Private real assets	9.0	4.25
Private credit	5.5	6.62
	<hr/>	
Total	100.0 %	
	<hr/>	

G. 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.

Dallas Center - Grimes Community School District
Notes to Basic Financial Statements

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

H. Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability	\$ 25,992,527	\$ 10,591,979	\$ (2,306,061)

I. Pension Plan 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.

J. Payables to the Pension Plan

As of June 30, 2025, the District reported payables to the defined benefit pension plan of \$15,533 for legally required employer contributions and \$10,350 for legally required employee contributions withheld from employee wages but not yet remitted to IPERS.

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year.

The District provides a health care self-insurance program. The General Fund of the District participates in this program and make payments to the Health Insurance Internal Service Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates it is probable a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. The total claims liability reported in the fund as of June 30, 2025, was \$539,975, which is comprised of the liability for known claims as well as an estimate for claims incurred but not yet reported. Changes in the fund's claims liability amounts for the past three years are as follows:

Year	Beginning Balance	Claims Expense and Estimates	Claims Payments	Ending Balance
2023	\$ 834,673	\$ 6,311,230	\$ 6,198,265	\$ 947,638
2024	947,638	6,602,805	6,946,919	603,524
2025	603,524	6,812,823	6,876,372	539,975

Dallas Center - Grimes Community School District
Notes to Basic Financial Statements

NOTE 8 - AREA EDUCATION AGENCY SUPPORT

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 \$1,373,932 for the year ended June 30, 2025, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. 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.

B. Benefit Provided

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

C. Members

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

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	452
	<hr/>
Total	461
	<hr/> <hr/>

D. Actuarial Assumptions

The total OPEB liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumption and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount rate	5.20%
Rates of salary increases	3.25%
Healthcare cost trend rate	7.60% gradually decreasing over several decades to an ultimate rate of 3.9%

The actuarial assumptions used in the June 30, 2024, valuation was based on the results of an actuarial experience study for the period July 1, 2023, through June 30, 2024.

Dallas Center - Grimes Community School District
Notes to Basic Financial Statements

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

D. Actuarial Assumptions (Continued)

Changes in assumptions since the prior valuation are as follows:

- The trend rates were updated to an initial rate of 7.75% grading down to an ultimate rate of 4.00%. The initial rate and the grade down period is extended to account for recent inflationary pressures and price increases over the next couple of years.
- The Iowa Public Employees' Retirement System (IPERS) retirement rates were updated to the rates from the June 30, 2025 Actuarial Valuation report.
- The marriage assumption was decreased from 30% to 15% based on current census rates of coverage.
- The participation assumption was decreased from 50% to 20% based on information gathered by the District.
- The discount rate was updated from 3.93% to 5.20%.

Discount Rate

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

E. Total OPEB Liability

The District's total OPEB liability of \$555,736 was measured as of June 30, 2025, and was determined by an actuarial valuation as of June 30, 2024.

	Total OPEB Liability (a)
Balances at July 1, 2024	\$ 578,445
Changes for the year	
Service cost	72,370
Interest	24,532
Assumption changes	(66,452)
Benefit payments	(53,159)
Net changes	(22,709)
Balances at June 30, 2025	\$ 555,736

Dallas Center - Grimes Community School District
Notes to Basic Financial Statements

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

F. OPEB Liability Sensitivity

The following presents the District's total OPEB liability calculated using the discount rate of 5.20% as well as the liability measured using 1 percentage point lower and 1 percentage point higher than the current discount rate.

	1% Decrease in Discount Rate (4.20%)	Current Discount Rate (5.20%)	1% Increase in Discount Rate (6.20%)
Total OPEB liability	\$ 606,000	\$ 555,736	\$ 512,000

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate.

	1% Decrease Trend Rate (6.75%)	Current Trend Rate (7.75%)	1% Increase Trend Rate (8.75%)
Total OPEB liability	\$ 490,000	\$ 555,736	\$ 638,000

G. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense of \$69,100. At June 30, 2025, 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
Changes of assumptions	\$ 6,529	\$ 524,670
Differences between expected and actual economic experience	70,637	634,447
Total	<u>\$ 77,166</u>	<u>\$ 1,159,117</u>

Dallas Center - Grimes Community School District
Notes to Basic Financial Statements

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

**G. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30,	Total
2026	\$ (112,753)
2027	(112,753)
2028	(112,309)
2029	(114,271)
2030	(114,271)
Thereafter	(515,594)
Total	<u>\$ (1,081,951)</u>

NOTE 10 - TAX ABATEMENTS

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

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapter 15 and 403 of the *Code of Iowa*. Additionally, governmental entities may offer an urban revitalization tax abatement program pursuant to Chapter 404 of the *Code of Iowa*. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2025, under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Grimes	Urban renewal and economic development projects	\$ 1,199,881
City of Dallas Center	Urban renewal and economic development projects	56,111
City of Urbandale	Urban renewal and economic development projects	172,063

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2025, this reimbursement amounted to \$624,434.

Dallas Center - Grimes Community School District
Notes to Basic Financial Statements

NOTE 11 - CATEGORICAL FUNDING

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

The District's restricted fund balance for categorical funding as of June 30, 2025, is comprised of the following programs:

Statewide voluntary 4-year-old preschool program	\$ 24,541
Teacher salary supplement	46,047
Gifted and talented	388,649
Teacher leadership grant	<u>883,732</u>
 Total	 <u><u>\$ 1,342,969</u></u>

NOTE 12 - CONSTRUCTION COMMITMENTS

The District entered into one contract related to construction projects totaling \$1,398,388 for school building improvements. As of June 30, 2025, costs of \$308,275 had been incurred against the contracts. The balance of \$1,090,113 remaining at June 30, 2025 will be paid as work on the project progresses.

NOTE 13 - CHANGE IN AREA EDUCATION AGENCY FUNDING

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

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REQUIRED SUPPLEMENTARY INFORMATION

Dallas Center - Grimes Community School District
Schedule of Budgetary Comparison of Revenue,
Expenditures/Expenses and Changes in Balances
Budget to Actual - All Governmental Funds and Proprietary Funds
Year Ended June 30, 2025

	Amounts	Actual		Variance with
	Original and	Governmental	Proprietary	Final Budget -
	Final	Funds	Funds	Over (Under)
Revenues				
Local sources	\$ 36,547,281	\$ 37,743,931	\$ 1,313,340	\$ 2,509,990
State sources	30,754,859	31,315,238	12,278	572,657
Federal sources	1,172,598	1,620,065	794,021	1,241,488
Total revenues	<u>68,474,738</u>	<u>70,679,234</u>	<u>2,119,639</u>	<u>4,324,135</u>
Expenditures				
Instruction	34,505,698	32,914,497	-	(1,591,201)
Support services	19,960,294	17,490,545	-	(2,469,749)
Noninstructional programs	3,083,790	-	2,088,429	(995,361)
Other expenditures	21,684,834	11,211,132	-	(10,473,702)
Total expenditures	<u>79,234,616</u>	<u>61,616,174</u>	<u>2,088,429</u>	<u>(15,530,013)</u>
Net change in fund balance	<u>\$ (10,759,878)</u>	<u>\$ 9,063,060</u>	<u>\$ 31,210</u>	<u>\$ 19,854,148</u>
Fund Balance				
Beginning of year		<u>\$ 44,881,515</u>	<u>\$ 1,523,826</u>	
End of year		<u>\$ 53,944,575</u>	<u>\$ 1,555,036</u>	

**Dallas Center - Grimes Community School District
Notes to the Required Supplementary Information -
Budgetary Reporting**

This budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major special revenue fund.

In accordance with the *Code of Iowa*, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except internal service, 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, noninstructional 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 did not adopt a budget amendment.

During the year ended June 30, 2025, expenditures did not exceed the District's budget.

Dallas Center - Grimes Community School District
Schedule of District's Proportionate Share
of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Ten Years (In Thousands)

Measurement Date	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.2217%	\$ 11,020	\$ 15,282	72.11%	85.19%
2017	0.2299%	14,339	16,341	87.75%	81.82%
2018	0.2353%	15,536	17,411	89.23%	82.21%
2019	0.2501%	15,822	18,792	84.20%	83.62%
2020	0.2275%	13,263	17,451	76.00%	85.45%
2021	0.2674%	18,651	21,227	87.86%	82.90%
2022	0.2661%	373	21,603	1.73%	100.81%
2023	0.2731%	10,838	23,157	46.80%	91.41%
2024	0.2820%	13,014	26,994	48.21%	90.13%
2025	0.2868%	10,592	28,811	36.76%	92.30%

Dallas Center - Grimes Community School District
Schedule of District Contributions
Iowa Public Employees' Retirement System
Last Ten Years (In Thousands)

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 1,459	\$ 1,459	\$ -	\$ 16,338	8.93%
2017	1,555	1,555	-	17,413	8.93%
2018	1,678	1,678	-	18,791	8.93%
2019	1,647	1,647	-	17,447	9.44%
2020	2,004	2,004	-	21,229	9.44%
2021	2,039	2,039	-	21,600	9.44%
2022	2,186	2,186	-	23,157	9.44%
2023	2,390	2,390	-	25,318	9.44%
2024	2,533	2,533	-	26,833	9.44%
2025	2,720	2,720	-	28,814	9.44%

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**Dallas Center - Grimes Community School District
Notes to the Required Supplementary Information -
Pension Liability**

Changes of Benefit Terms

There are no significant changes in benefit terms.

Changes of Assumptions

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

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

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 7.0%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

Dallas Center-Grimes Community School District
Schedule of Changes in Total OPEB Liability,
Related Ratios and Notes

	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Total OPEB Liability				
Service cost	\$ 209,200	\$ 217,296	\$ 237,521	\$ 178,435
Interest	70,946	74,949	76,490	33,093
Differences between expected and actual experience	-	-	(177,401)	-
Changes of assumptions	(41,610)	53,309	89,097	6,340
Recognition of deferred inflows/outflows	-	-	(761,377)	-
Benefit payments	(138,000)	(148,369)	(85,668)	(100,826)
Net change in total OPEB liability	<u>100,536</u>	<u>197,185</u>	<u>(621,338)</u>	<u>117,042</u>
Beginning of year	<u>1,693,013</u>	<u>1,793,549</u>	<u>1,990,734</u>	<u>1,369,396</u>
End of year	<u>\$ 1,793,549</u>	<u>\$ 1,990,734</u>	<u>\$ 1,369,396</u>	<u>\$ 1,486,438</u>
Covered employee payroll	\$ 18,353,586	\$ 19,011,486	\$ 21,446,703	\$ 22,090,000
Total OPEB liability as a percentage of covered-employee payroll	9.77%	10.47%	6.39%	6.73%

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

Change in Benefit Terms

There were no significant changes in benefit terms.

Changes in Assumptions

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

<u>Year Ended</u> <u>June 30,</u>	
2025	5.20%
2024	3.93%
2023	3.65%
2022	3.54%
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.87%
2017	3.58%

Additional changes in assumptions since the prior valuation are as follows.

- The trend rates were updated to an initial rate of 7.75% grading down to an ultimate rate of 4.00%. The initial rate and the grade down period is extended to account for recent inflationary pressures and price increases over the next couple of years.
- The Iowa Public Employees' Retirement System (IPERS) retirement rates were updated to the rates from the June 30, 2023 Actuarial Valuation report.
- The marriage assumption was decreased from 30% to 15% based on current census rates of coverage.
- The participation assumption was decreased from 50% to 20% based on information gathered by the District.

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
\$ 183,663 35,347	\$ 123,746 37,691	\$ 126,100 42,384	\$ 72,370 24,532
(582,666) (79,393) -	- (10,607) -	8,019 (611,593) -	- (66,452) -
(67,321) <u>(510,370)</u>	(70,210) <u>80,620</u>	(43,153) <u>(478,243)</u>	(53,159) <u>(22,709)</u>
<u>1,486,438</u>	<u>976,068</u>	<u>1,056,688</u>	<u>578,445</u>
<u>\$ 976,068</u>	<u>\$ 1,056,688</u>	<u>\$ 578,445</u>	<u>\$ 555,736</u>
\$ 18,834,176	\$ 19,493,000	\$ 27,600,609	\$ 28,498,000
5.18%	5.42%	2.10%	1.95%

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SUPPLEMENTARY INFORMATION

Dallas Center-Grimes Community School District
Combining Balance Sheet -
Capital Projects Fund Accounts
June 30, 2025

	Capital Projects		
	Statewide Sales, Services and Use Tax (33)	Physical Plant and Equipment Levy (23)	Total
Assets			
Cash and investments	\$ 13,439,669	\$ 6,699,171	\$ 20,138,840
Receivables			
Property tax - delinquent	-	4,631	4,631
Property tax - succeeding year	-	3,140,887	3,140,887
Due from other governmental units	485,682	-	485,682
Total assets	\$ 13,925,351	\$ 9,844,689	\$ 23,770,040
Liabilities			
Accounts and contracts payable	\$ 313,112	\$ 55,956	\$ 369,068
Deferred Inflows of Resources			
Unavailable revenue - succeeding year property tax	-	3,140,887	3,140,887
Fund Balances			
Restricted			
School infrastructure	13,612,239	-	13,612,239
Physical plant and equipment	-	6,647,846	6,647,846
Total fund balances	13,612,239	6,647,846	20,260,085
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,925,351	\$ 9,844,689	\$ 23,770,040

Dallas Center - Grimes Community School District
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances - Capital Projects Fund Accounts
Year Ended June 30, 2025

	Capital Projects		
	Statewide Sales, Services and Use Tax (33)	Physical Plant and Equipment Levy (23)	Total
Revenues			
Revenue from local sources			
Local property taxes	\$ -	\$ 2,981,750	\$ 2,981,750
Other local and county revenues	1,218,956	131,984	1,350,940
Revenue from state sources	4,631,402	25,085	4,656,487
Total revenues	<u>5,850,358</u>	<u>3,138,819</u>	<u>8,989,177</u>
Expenditures			
Current			
Business and central administration	292,700	44,494	337,194
Operation and maintenance of plant	-	14,393	14,393
Transportation	-	500	500
Facilities acquisition and construction	1,493,199	-	1,493,199
Capital Outlay	-	2,840,082	2,840,082
Total expenditures	<u>1,785,899</u>	<u>2,899,469</u>	<u>4,685,368</u>
Excess of revenues over (under) expenditures	4,064,459	239,350	4,303,809
Other Financing Uses			
Transfers out	<u>(288,112)</u>	<u>-</u>	<u>(288,112)</u>
Net change in fund balances	3,776,347	239,350	4,015,697
Fund Balances			
Beginning of year	<u>9,835,892</u>	<u>6,408,496</u>	<u>16,244,388</u>
End of year	<u>\$ 13,612,239</u>	<u>\$ 6,647,846</u>	<u>\$ 20,260,085</u>

Dallas Center - Grimes Community School District
Schedule of Changes in Student Activity
Special Revenue Fund
Year Ended June 30, 2025

Account	Balance - Beginning of Year	Revenue	Expenditures	Intrafund Transfers	Balance - End of Year
HS Annual	\$ -	\$ 4,794	\$ 1,010	\$ -	\$ 3,784
HS Art Club	1,217	-	-	-	1,217
Athletics	1,645	110,807	81,859	(28,800)	1,793
Athletics Resale	354	17,793	15,696	-	2,451
HS/MS/Elem Band Resale	-	11,814	12,745	931	-
Baseball	-	8,912	12,333	3,421	-
Baseball Fundraising	-	9,831	8,931	(900)	-
Boosters	-	174,380	161,713	-	12,667
Athletic Performance	2,217	438	2,264	-	391
Camps and Clinics	125	-	-	-	125
Boys/Girls Basketball	9,266	27,010	17,171	-	19,105
Basketball Fundraising	16,069	-	12,319	-	3,750
Girls Basketball	4,213	7,543	10,872	-	884
Girls Basketball Fundraising	11,813	31,596	24,615	-	18,794
Class of					
2023	-	-	618	618	-
2024	-	-	1,239	5,087	3,848
2025	19,238	247	11,900	(5,705)	1,880
2026	4,396	9,782	7,237	-	6,941
2027	4,426	1,043	-	-	5,469
2028	-	1,411	-	-	1,411
Cross Country	-	600	3,681	3,081	-
Boys Cross Country Fundraiser	1,347	5,662	1,314	(3,082)	2,613
Girls Cross Country Fundraiser	469	-	549	80	-
Dance Team	3,484	12,719	22,770	6,567	-
Dig Pink Volleyball	254	-	-	-	254
Speech	-	615	4,803	4,188	-
Drill Team	923	931	-	-	1,854
Equip Repair	1,000	-	-	-	1,000
E-sports	1,108	900	697	-	1,311
Football	12,446	68,827	79,492	(473)	1,308
Football Fundraising	-	22,615	23,088	473	-
HS French Club	685	-	-	-	685
FFA	11,678	15,696	14,242	-	13,132
Greenhouse Club	2,639	913	136	-	3,416
Girls Softball	-	4,748	12,229	7,481	-
Girls Softball Fundraiser	-	27,118	5,228	(7,481)	14,409

Dallas Center - Grimes Community School District
Schedule of Changes in Student Activity
Special Revenue Fund
Year Ended June 30, 2025

Account	Balance - Beginning of Year	Revenue	Expenditures	Intrafund Transfers	Balance - End of Year
Boys Golf	\$ -	\$ -	\$ 5,087	\$ 5,087	\$ -
Boys Golf Fundraiser	-	500	185	(315)	-
Girls Golf	-	-	5,657	5,657	-
Girls Golf Fundraiser	483	-	245	(238)	-
HS Bakers	1,158	-	-	-	1,158
HS Enterprise	2,709	2,580	2,379	-	2,910
HS Student Council	17,118	12,453	8,758	-	20,813
HS Honor Society	4,753	3,414	4,184	-	3,983
HS Cheerleading	10,318	22,570	16,242	-	16,646
HS Dance Marathon	1,038	-	-	-	1,038
HS Juice/Pop Machine	4,543	2,211	5,193	-	1,561
HS Best Buddies	2,073	5	989	-	1,089
HS Band/Vocal Fundraiser	23,006	602	23,912	304	-
HS Show Chior	7,560	27,517	30,857	(2,525)	1,695
HS Jazz Choir	3,144	13,156	28,825	12,525	-
HS Vocal	-	10,000	-	(10,000)	-
HS Vocal Solo Ensemble	-	4,722	2,779	-	1,943
HS Band Fundraiser	-	19,944	842	(1,235)	17,867
Interest	1,447	23,499	188	-	24,758
Boys Soccer	-	5,680	5,186	(494)	-
Boys Soccer Fundraiser	3,797	-	5,193	1,396	-
Girls Soccer	2,515	7,758	8,962	(902)	409
Girls Soccer Fundraiser	4,094	-	4,140	46	-
HS Drama/Musical	9,320	21,003	22,531	-	7,792
MS Drama/Musical	18,807	4,917	4,851	-	18,873
Mock Trial	-	1,025	1,237	737	525
P.A.L.S.	4,095	-	-	-	4,095
Picture Fund	-	5,687	654	-	5,033
Spanish Club	638	-	-	-	638
Track	680	-	-	(606)	74
Boys Track	-	8,312	11,588	3,276	-
Boys Track Fundraising	3,888	6,362	1,592	(3,276)	5,382
Girls Track	-	6,036	6,482	446	-
Girls Track Fundraising	-	25	185	160	-
Tennis- Boys	-	75	1,193	1,118	-
Tennis- Boys Fundraising	-	-	30	30	-
Tennis- Girls	-	-	715	715	-
Volleyball	7,451	16,067	8,794	-	14,724

Dallas Center - Grimes Community School District
Schedule of Changes in Student Activity
Special Revenue Fund
Year Ended June 30, 2025

Account	Balance - Beginning of Year	Revenue	Expenditures	Intrafund Transfers	Balance - End of Year
Volleyball Fundraising	\$ 11,738	\$ 11,040	\$ 6,193	\$ -	\$ 16,585
Washington DC fundraiser	276	-	-	-	276
Wrestling	-	17,352	14,596	-	2,756
Wrestling Fundraiser	14,936	397	4,725	-	10,608
Wrestling - Girls	3,630	2,777	6,123	-	284
Wrestling - Girls Fundraiser	-	2,550	1,506	2,608	3,652
Meadows Yearbook	8,255	2,431	-	-	10,686
Jr. High Annual	2,166	349	2,190	-	325
Jr. High Cheerleading	73	-	-	-	73
Jr. High Juice/Pop Machine	13,503	7,906	12,792	-	8,617
Jr. High Student Council	6,290	-	-	-	6,290
Jr. High Honor Society	81	-	-	-	81
Northridge Fundraiser	24,587	6,360	10,241	-	20,706
Oak View Vocal Fundraiser	-	2,511	-	-	2,511
Oak View Band Fundraiser	11,924	15,467	15,171	-	12,220
Oak View Showchoir	10,285	8,075	2,202	-	16,158
Meadows Pop Fundraiser	2,745	6,224	5,529	-	3,440
Meadows Student Council	5,035	394	299	-	5,130
Kiwanis Key Club	2,895	720	787	-	2,828
Seniors Against Cancer 2010	111	-	-	-	111
FFA Test Plot	8,969	-	3,578	-	5,391
Elementary Fundraiser - Grimes	10,250	3,518	5,044	-	8,724
Elementary Fundraiser - D.C.	2,096	1,136	1,414	-	1,818
Elementary Fundraiser - Heritage	10,130	2,106	4,223	-	8,013
Elementary Student Council	330	-	-	-	330
Technology Student Association (TSA)	613	-	-	-	613
Character Counts	236	-	-	-	236
Total	\$ 396,801	\$ 896,178	\$ 867,019	\$ -	\$ 425,960

Dallas Center - Grimes Community School District
Combining Statement of Net Position - Proprietary Funds
June 30, 2025

	Business-Type Activities			Total
	School Nutrition (61)	Student Construction (64)	Farm Account(69)	
Assets				
Current				
Cash and cash equivalents	\$ 1,254,227	\$ 29,141	\$ 26,898	\$ 1,310,266
Inventory	13,749	-	-	13,749
Total current assets	<u>1,267,976</u>	<u>29,141</u>	<u>26,898</u>	<u>1,324,015</u>
Noncurrent				
Capital assets, net of accumulated depreciation	<u>231,021</u>	<u>-</u>	<u>-</u>	<u>231,021</u>
Total assets	<u><u>\$ 1,498,997</u></u>	<u><u>\$ 29,141</u></u>	<u><u>\$ 26,898</u></u>	<u><u>\$ 1,555,036</u></u>
Net Position				
Investment in Capital Assets	\$ 231,021	\$ -	\$ -	\$ 231,021
Unrestricted	<u>1,267,976</u>	<u>29,141</u>	<u>26,898</u>	<u>1,324,015</u>
Total net position	<u>1,498,997</u>	<u>29,141</u>	<u>26,898</u>	<u>1,555,036</u>
Total liabilities and net position	<u><u>\$ 1,498,997</u></u>	<u><u>\$ 29,141</u></u>	<u><u>\$ 26,898</u></u>	<u><u>\$ 1,555,036</u></u>

Dallas Center - Grimes Community School District
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities			Total
	School Nutrition (61)	Student Construction (64)	Farm Account(69)	
Operating Revenues				
Local Sources				
Charges for services	\$ 1,247,481	\$ -	\$ 1,860	\$ 1,249,341
Other receipts	9,318	-	-	9,318
Total revenue	<u>1,256,799</u>	<u>-</u>	<u>1,860</u>	<u>1,258,659</u>
Operating Expenses				
Noninstructional programs				
Purchased services	1,753,738	-	-	1,753,738
Supplies	292,191	-	-	292,191
Depreciation	42,500	-	-	42,500
Total operating expenses	<u>2,088,429</u>	<u>-</u>	<u>-</u>	<u>2,088,429</u>
Operating income (loss)	(831,630)	-	1,860	(829,770)
Nonoperating Revenues				
Federal sources	794,021	-	-	794,021
State sources	12,278	-	-	12,278
Investment income	54,681	-	-	54,681
Total nonoperating revenues	<u>860,980</u>	<u>-</u>	<u>-</u>	<u>860,980</u>
Change in net position	29,350	-	1,860	31,210
Net Position				
Beginning of year	<u>1,469,647</u>	<u>29,141</u>	<u>25,038</u>	<u>1,523,826</u>
End of year	<u>\$ 1,498,997</u>	<u>\$ 29,141</u>	<u>\$ 26,898</u>	<u>\$ 1,555,036</u>

Dallas Center - Grimes Community School District
Combining Statement of Cash Flows -
Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities			Total
	School Nutrition (61)	Student Construction (64)	Farm Account (69)	
Cash Flows - Operating Activities				
Cash received from miscellaneous operating activities	\$ -	\$ -	\$ 1,860	\$ 1,860
Cash received from sale of lunches and breakfast	1,247,481	-	-	1,247,481
Cash received from other	9,318	-	-	9,318
Payments to suppliers	(1,997,561)	-	-	(1,997,561)
Net cash flows - operating activities	(740,762)	-	1,860	(738,902)
Cash Flows - Noncapital Financing Activities				
State grants received	12,278	-	-	12,278
Federal grants received	657,844	-	-	657,844
Net cash flows - noncapital financing activities	670,122	-	-	670,122
Cash Flows - Investment Activities				
Interest received	54,681	-	-	54,681
Net change in cash and cash equivalents	(15,959)	-	1,860	(14,099)
Cash and Cash Equivalents				
Beginning of year	1,270,186	29,141	25,038	1,324,365
End of year	\$ 1,254,227	\$ 29,141	\$ 26,898	\$ 1,310,266
Reconciliation of Operating Income (Loss) to Net				
Cash Flows - Operating Activities				
Operating income (loss)	\$ (831,630)	\$ -	\$ 1,860	\$ (829,770)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Commodities used	136,177	-	-	136,177
Depreciation	42,500	-	-	42,500
Inventory	(154)	-	-	(154)
Accounts payable	(87,655)	-	-	(87,655)
Net adjustments	90,868	-	-	90,868
Net cash flows - operating activities	\$ (740,762)	\$ -	\$ 1,860	\$ (738,902)
Non-Cash Investing, Capital and Related Financing Activities				
During the year ended June 30, 2025 the District received federal commodities.	\$ 136,177	\$ -	\$ -	\$ 136,177

Dallas Center - Grimes Community School District
Schedule of Revenue by Source and Expenditures by Function
- All Governmental Fund Types
(Modified Accrual Basis)
Last Ten Years

	Fiscal Year			
	2025	2024	2023	2022
Revenue				
Local sources				
Local tax	\$ 29,371,380	\$ 26,267,821	\$ 24,975,024	\$ 21,334,598
Tuition	4,031,057	3,147,290	3,753,336	2,630,843
Other	4,341,494	4,743,076	2,743,487	2,336,188
State sources	31,315,238	30,273,283	28,912,229	26,805,713
Federal sources	1,620,065	1,242,019	1,325,141	1,390,210
Total revenue	<u>70,679,234</u>	<u>65,673,489</u>	<u>61,709,217</u>	<u>54,497,552</u>
Expenditures				
Instruction				
Regular	18,641,736	18,238,835	16,162,180	17,496,183
Special	7,420,155	7,459,416	6,440,038	7,609,738
Other	6,852,606	6,278,436	6,191,991	2,652,552
Support Services				
Student	980,181	999,425	1,082,570	1,043,832
Instructional staff	2,999,237	2,982,110	3,051,896	2,871,905
Administration	4,746,290	4,793,999	4,233,010	3,413,085
Operation and maintenance of plant	6,858,740	4,876,180	4,823,442	4,325,287
Transporation	1,906,097	1,766,977	1,602,724	1,848,971
Other expenditures				
AEA flowthrough	1,373,932	1,757,408	1,659,201	1,540,413
Facilities acquisition	1,493,199	7,101,558	9,366,132	7,924,529
Capital outlay	3,363,434	1,594,561	-	-
Debt Service				
Principal	2,340,000	2,415,000	2,460,000	2,420,000
Interest and fiscal charges	2,640,567	2,537,448	2,598,762	2,855,892
Total expenditures	<u>\$ 61,616,174</u>	<u>\$ 62,801,353</u>	<u>\$ 59,671,946</u>	<u>\$ 56,002,387</u>

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 20,220,149	\$ 18,428,172	\$ 18,805,963	\$ 16,653,465	\$ 14,847,680	\$ 13,075,546
2,429,852	2,677,963	2,700,118	2,586,747	2,733,064	2,517,722
2,184,507	3,121,664	2,756,732	2,295,056	2,133,492	2,024,313
24,460,395	22,345,634	21,291,432	20,299,489	18,465,973	16,689,892
1,873,865	904,858	876,276	838,679	736,963	631,454
<u>51,168,768</u>	<u>47,478,291</u>	<u>46,430,521</u>	<u>42,673,436</u>	<u>38,917,172</u>	<u>34,938,927</u>
14,942,681	14,062,751	12,769,327	12,460,152	11,613,216	11,181,345
4,959,049	4,699,500	3,799,400	3,297,029	3,083,743	4,435,322
5,235,787	4,932,273	4,918,487	4,760,706	4,377,423	2,085,479
1,157,469	1,009,947	977,902	910,540	771,241	762,618
2,495,689	2,686,155	2,337,432	2,363,454	2,197,720	1,783,497
3,475,195	3,197,295	2,618,014	2,571,134	2,467,466	2,632,356
4,126,032	3,480,768	3,276,755	2,950,904	2,587,132	2,763,862
1,682,644	1,514,024	1,593,671	1,569,138	1,136,030	1,260,699
1,442,196	1,310,827	1,225,741	1,153,382	1,033,233	960,969
21,091,911	21,911,847	7,208,443	3,988,789	12,619,631	3,332,373
-	-	-	-	-	-
19,415,000	2,155,000	1,490,000	1,455,000	1,430,000	1,535,000
3,202,543	2,603,267	1,624,656	1,658,476	1,828,613	1,787,846
<u>\$ 83,226,196</u>	<u>\$ 63,563,654</u>	<u>\$ 43,839,828</u>	<u>\$ 39,138,704</u>	<u>\$ 45,145,448</u>	<u>\$ 34,521,366</u>

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**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Basic Financial Statements Performed in Accordance
with Government Auditing Standards**

Independent Auditor's Report

To the School Board
Dallas Center - Grimes Community School District
Grimes, Iowa

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dallas Center - Grimes Community School District, Grimes, Iowa, as of and for the year ending June 30, 2025, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 21, 2025.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a 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 basic 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 did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be a material weakness identified as Audit Finding 2025-01.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic 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 basic financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in part II of the accompanying Schedule of Findings and Responses.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2025, are based exclusively on knowledge obtained from procedures performed during our audit of the basic 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.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the 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.

BerganKDV, Ltd.

St. Cloud, Minnesota
October 21, 2025

**Dallas Center - Grimes Community School District
Schedule of Findings and Responses**

SECTION I - FINANCIAL STATEMENT FINDINGS

Audit Finding 2025-001 - Lack of Segregation of Accounting Duties

Criteria:

Internal control that supports the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements requires adequate segregation of accounting duties.

Condition:

During the year ended June 30, 2025, the District had a lack of segregation of accounting duties due to a limited number of office employees. This lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- The Business Manager has access to all areas of the accounting system.
- The Business Manager reconciles property taxes and federal receivables and capital assets without review.
- The Business Manager has the ability to make journal entries without review.

Management is aware of this condition and will take certain steps to compensate for the lack of segregation. However, due to the small accounting staff needed to handle all of the accounting duties, the cost of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. Due to this reason, management has determined a complete segregation of accounting duties is impractical to correct.

Context:

This finding impacts the internal control over financial reporting.

Effect or Potential Effect:

The lack of adequate segregation of accounting duties could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause:

There are a limited number of office employees.

Recommendation:

Continue to review the accounting system, including changes that may occur. Implement segregation whenever practical.

**Dallas Center - Grimes Community School District
Schedule of Findings and Responses**

SECTION I - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2025-001 - Lack of Segregation of Accounting Duties (Continued)

Views of Responsible Officials and Planned Corrective Actions:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
Administration will add additional internal controls where the benefit exceeds the cost.
3. Official Responsible for Ensuring CAP
Michelle Wearmouth, Business Manager, is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2026.
5. Plan to Monitor Completion of CAP
The School Board will be monitoring this CAP.

**Dallas Center - Grimes Community School District
Schedule of Findings and Responses**

SECTION II - OTHER FINDINGS RELATED TO STATUTORY REPORTING

II-A-25 - Certified Budget

Expenditures did not exceed budgeted amounts.

II-B-25 - Questionable Expenditures

We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's Opinion dated April 25, 1979.

II-C-25 - Travel Expense

No expenditures of District money for travel expenses of spouse of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-25 - Business Transactions

There was no transaction between the District and District officials.

II-E-25 - Restricted Donor Activity

No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the *Code of Iowa*.

II-F-25 - Bond Coverage

Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

II-G-25 - Board Minutes

No transactions were found that we believe should have been approved in the Board minutes but were not.

II-H-25 - Certified Enrollment

Finding:

The following variances in the basic enrollment data certified to the Iowa Department of Education were noted:

- The District counted 3 students that were not enrolled.
- The District did not count 0.26 EL students that should have been counted.

Auditor's Recommendation:

The District should review procedures to ensure accurate counts are taken throughout the year and accurate enrollment data is certified to the Iowa Department of Education.

Views of Responsible Officials:

The District will contact the Iowa Department of Education and Iowa Department of Management notifying them of the above changes. The District will continue to monitor reconciliations of District information to information certified to the Iowa Department of Education.

Auditor's Conclusion:

Response accepted.

**Dallas Center - Grimes Community School District
Schedule of Findings and Responses**

SECTION II - OTHER FINDINGS RELATED TO STATUTORY REPORTING (CONTINUED)

II-I-25 - Supplementary Weighting

There were no variances noted in the supplementary weighting data certified to the Iowa Department of Education.

II-J-25 - Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the *Code of Iowa* and the District's investment policy were noted.

II-K-25 - Certified Annual Report

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

II-L-25 - Categorical Funding

No instances were found of categorical funding being used to supplant rather than supplement other funds.

II-M-25 - Statewide Sales, Services, and Use Tax

No instances of noncompliance with the allowable use of the statewide sales, services, and use tax revenue provided in Chapter 423F.3 of the *Code of Iowa* were noted.

Pursuant to Chapter 423F.5 of the *Code of Iowa*, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2025, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 9,835,892
Revenue/other financing sources		
Sales tax revenue	\$ 4,631,402	
Other local revenue	1,218,955	<u>5,850,357</u>
Expenditures/transfers out		
School infrastructure construction	1,493,199	
Other	292,700	
Transfer to other funds		
Debt service fund	288,112	<u>2,074,011</u>
Ending balance		<u><u>\$ 13,612,238</u></u>

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