Moody's Rating: "Aa3"

Assuming compliance with certain covenants, in the opinion of Ahlers & Cooney, P.C., Bond Counsel, under present law and assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Interest on the Bonds is not exempt from present lowa income taxes. The Bonds will be designated as "qualified tax-exempt obligations". See "TAX EXEMPTION AND RELATED TAX MATTERS" herein for a more detailed discussion.



\$3,470,000 Solon Community School District, Iowa General Obligation School Bonds Series 2023

Dated: Date of Delivery

\$920,000

4.00%

The General Obligation School Bonds, Series 2023 described above (the "Bonds") are issuable as fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee of the Depository Trust Company, New York, NY ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by UMB Bank, n.a., as Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds.

Interest on the Bonds is payable on June 1, and December 1 in each year, beginning June 1, 2024 to the registered owners thereof. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

The Bonds maturing after June 1, 2031 may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

MATURITY SCHEDULE

Bonds Due	Amount	Rate	Yield	<u>Cusip #'s *</u>	Bonds Due	<u>Amount</u>	Rate	Yield	<u>Cusip #'s *</u>
June 1, 2024	\$510,000	4.00%	3.50%	834307 HR4	June 1, 2039	\$405,000	4.00%	3.80%	834307 HU7
June 1, 2037	380,000	4.00	3.60	834307 HS2	June 1, 2040	420,000	4.00	3.85	834307 HV5
June 1, 2038	400,000	4.00	3.70	834307 HT0	June 1, 2041	435,000	4.00	3.90	834307 HW3

Term bond due June 1, 2043

Priced to yield 4.00%

CUSIP # 834307 HY9

The Bonds are being offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of an opinion as to legality, validity and tax exemption by Ahlers & Cooney, P.C., Des Moines, Iowa, Bond Counsel. Piper Sandler & Co. is serving as Municipal Advisor to the Issuer in connection with the issuance of the Bonds. It is expected that the Bonds in the definitive form will be available for delivery through the facilities of DTC on or about July 6, 2023. The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.



The Date of this Official Statement is June 6, 2023

^{*} CUSIP numbers shown above have been assigned by a separate organization not affiliated with the Issuer. The Issuer has not selected nor is responsible for selecting the CUSIP numbers assigned to the Bonds nor do they make any representation as to the correctness of such CUSIP numbers on the Bonds or as indicated above.

No dealer, salesman or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Issuer or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy any of the securities offered hereby in any state to any persons to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof.

TABLE OF CONTENTS

INTRODUCTORY STATEMENT THE BONDS BONDHOLDERS' RISKS LITIGATION ACCOUNTANT **UNDERWRITING** THE PROJECT SOURCES & USES OF FUNDS TAX EXEMPTION AND RELATED TAX MATTERS MUNICIPAL ADVISOR CONTINUING DISCLOSURE MISCELLANEOUS APPENDIX A - GENERAL INFORMATION ABOUT THE ISSUER APPENDIX B - FORM OF LEGAL OPINION APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE APPENDIX D - AUDITED FINANCIAL STATEMENTS OF THE ISSUER

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. The Issuer considers the Official Statement to be "near final" within the meaning of Rule 15c2-12 of the Securities Exchange Commission. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTIONS 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATIONS OF THESE SECURITIES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THESE SECURITIES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SECURITIES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

FORWARD-LOOKING STATEMENTS

This Official Statement, including Appendix A, contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as "plan," "expect," "estimate," "budget" or similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT EXPECT OR INTEND TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

OFFICIAL STATEMENT SOLON COMMUNITY SCHOOL DISTRICT, IOWA \$3,470,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2023

INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the Solon Community School District, Iowa (the "Issuer" or the "District"), in connection with the sale of the Issuer's General Obligation School Bonds, Series 2023 (the "Bonds"). The Bonds are being issued to provide funds to i) construct, furnish, and equip an addition to Solon Intermediate School building and improve the site; to renovate, remodel, improve, repair, furnish and equip Lakeview Elementary building and improve the site; to renovate, remodel, improve, repair, furnish and equip the Transportation Center; to construct, furnish, and equip a new Administrative building and improve the site; to construct, furnish, and equip a new multi-purpose indoor activity facility and improve the site; and to install a new field at Spartan Stadium; and ii) to pay costs of issuance for the Bonds (the "Project"). See "SOURCES AND USES OF FUNDS" herein.

This Preliminary Official Statement is deemed to be a final official statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, except for the omission of certain pricing and other information which is to be made available through a final Official Statement.

This Introductory Statement is only a brief description of the Bonds and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety.

The Bonds are general obligations of the Issuer, payable from and secured by a continuing annual ad-valorem tax levied against the taxable, real property within the boundaries of the Issuer. See "THE BONDS – Source of Security for the Bonds" herein.

All statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

THE BONDS

General

The Bonds are dated as of the date of delivery and will bear interest at the rates to be set forth on the cover page herein, interest payable on June 1 and December 1 in each year, beginning on June 1, 2024, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

Authorization for the Issuance

The Bonds are being issued pursuant to the Code of Iowa, 2023, as amended, Chapter 296 and a resolution expected to be adopted by the Issuer on June 15, 2023 (the "Resolution" or the "Bond Resolution"). Voters in the District authorized the issuance of not to exceed \$25,500,000 General Obligation School Bonds to fund the Project at a special election held on March 7, 2023.

Book-Entry Only System

The following information concerning The Depository Trust Company ("DTC"), New York, New York and DTC's book-entry system has been obtained from sources the Issuer believes to be reliable. However, the Issuer takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

The Depository Trust Company ("DTC"), New York, NY will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for

over 3.5 million issues of U.S. and non-U.S equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC").

DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of

such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event Security certificates will be printed and delivered to DTC.

The Issuer cannot and does not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Bonds (i) payments of principal of or interest and premium, if any, on the Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in the Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Issuer nor the Paying Agent will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (2) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (3) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to owners of Bonds; (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (5) any consent given or other action taken by DTC as a Bondholder.

Transfer and Exchange

In the event that the Book-Entry System is discontinued, any Bond may, in accordance with its terms, be transferred by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the principal corporate office of the Registrar accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any Bond or Bonds shall be surrendered for transfer, the Registrar shall execute and deliver a new Bond or Bonds of the same maturity, interest rate, and aggregate principal amount.

Bonds may be exchanged at the principal corporate office of the Registrar for a like aggregate principal amount of Bonds or other authorized denominations of the same maturity and interest rate; provided, however, that the Registrar is not required to transfer or exchange any Bonds which have been selected for prepayment and is not required to transfer or exchange any Bonds during the period beginning 15 days prior to the selection of Bonds for prepayment and ending the date notice of prepayment is mailed. The Registrar may require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. All Bonds surrendered pursuant to the provisions of this and the preceding paragraph shall be canceled by the Registrar and shall not be redelivered.

Prepayment

Optional Prepayment: The Bonds maturing after June 1, 2031, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Notice of Prepayment. Prior to the redemption of any Bonds under the provisions of the Resolution, the Registrar shall give notice by electronic means or certified mail not less than thirty (30) days prior to the redemption date to each registered owner thereof. Written notice shall be effective upon the date of transmission to the owner of record of the Bond.

Mandatory Sinking Fund Redemption The Bonds maturing on June 1, 2043 are subject to mandatory redemption (by lot, as selected by the Registrar) on June 1 in each of the years 2042 through 2043 at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the redemption date in the following principal amounts:

2043 Term Bond

Mandatory Sinking Fund Date
June 1, 2042

June 1, 2043 (maturity)

Principal Amount
\$450,000

470,000

direct. If less than all of the Bonds of a single maturity are to be redeemed, the Issuer will notify DTC of the particular amount of such maturity to be redeemed prior to maturity. DTC will determine by lot the amount of each Participant's interest in such maturity to be redeemed and each Participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was sent.

Source of Security for the Bonds

The Bonds are general obligations of the Issuer. Per Iowa Code section 76.2, prior to issuing general obligation debt the governing authority of Iowa political subdivision shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution must be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full. Upon issuance of the Bonds, the Issuer will levy taxes for the years and in amounts sufficient to provide 100% of annual principal and interest due on the Bonds. If, however, the amount credited to the debt service fund for payment of the Bonds is insufficient to pay principal and interest, whether from transfers or from original levies, the Issuer is required to levy ad valorem taxes upon all taxable, real property within the boundaries of the Issuer without limit as to rate or amount sufficient to pay the debt service deficiency.

Nothing in the Resolution for the Bonds prohibits or limits the ability of the Issuer to use legally available moneys other than the proceeds of the general ad valorem property taxes levied, as described in the preceding paragraph, to pay all or any portion of the principal of or interest on the Bonds. If and to the extent such other legally available moneys are used to pay the principal of or interest on the Bonds, the Issuer may, but shall not be required to, (a) reduce the amount of taxes levied for such purpose, as described in the preceding paragraph; or (b) use proceeds of taxes levied, as described in the preceding paragraph, to reimburse the fund or account from which such other legally available moneys are withdrawn for the amount withdrawn from such fund or account to pay the principal of or interest on Bonds.

The Resolution for the Bonds does not restrict the Issuer's ability to issue or incur additional general obligation debt, although issuance of additional general obligation debt is subject to the same constitutional and statutory limitations that apply to the issuance of the Bonds. For a further description of the Issuer's outstanding general obligation debt upon issuance of the Bonds and the annual debt service on the Bonds, see "Direct Debt" included in "APPENDIX A" to this Official Statement. For a description of certain constitutional and statutory limits on the issuance of general obligation debt, see "Debt Limit" included in "APPENDIX A" to this Official Statement.

BONDHOLDERS' RISKS

An investment in the Bonds is subject to certain risks. No person should purchase the Bonds unless such person understands the risks described below and is willing to bear those risks. There may be other risks not listed below which may adversely affect the value of the Bonds. In order to identify risk factors, make an informed investment decision, and if the Bonds are an appropriate investment, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto).

Tax Levy Procedures

The Bonds are general obligations of the Issuer, payable from and secured by a continuing ad-valorem tax levied against all of the taxable, real property located within the boundaries of the Issuer. As part of the budgetary process of the Issuer each fiscal year the Issuer will have an obligation to request a debt service levy to be applied against all of the taxable, real property located within the boundaries of the Issuer. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service on the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year.

Changes in Property Taxation

The Bonds are general obligations of the Issuer secured by an unlimited ad valorem property tax as described in the "THE

BONDS -Source of Security for the Bonds" herein.

From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Such alterations could affect the Issuer's financial condition and/or the property tax revenues available to pay the Bonds. Historically, the Iowa General Assembly has applied changes in property taxation structure on a prospective basis; however, there is no assurance that future changes in properly taxation structure by the Iowa General Assembly will not be retroactive. It is impossible to predict the outcome of future property tax changes by the Iowa General Assembly or their potential impact on the Issuer's financial position. As noted in "THE BONDS - Source of Security for the Bonds," under Iowa Code section 76.2 the Issuer will by resolution provided for the assessment of an annual levy upon all the taxable, real property located within the boundaries of the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years.

Matters Relating to Enforceability of Agreements/Remedies

There is no bond trustee or similar person to monitor or enforce the provisions of the resolution for the Bonds. The owners of the Bonds should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal of or interest on the Bond, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the District and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year. Holders of the Bonds shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Bond, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Bond Resolution.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Bond Resolution. The remedies available to the owners of the Bonds upon an event of default under the Bond Resolution, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the federal bankruptcy code, certain of the remedies specified in the Bond Resolution may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No representation is made, and no assurance is given, that the enforcement of any remedies with respect to such assets will result in sufficient funds to pay all amounts due under the Bond Resolution, including principal of and interest on the Bonds.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, and secondary marketing practices in connection with a particular Bond or Bonds issue are suspended or terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

Pension

The Issuer contributes to the Iowa Public Employees' Retirement System ("IPERS"), which is a state-wide multiple-employer cost-sharing defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. All full-time employees of the Issuer are required to participate in IPERS. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The IPERS Annual Comprehensive Financial Report for its fiscal year ended June 30, 2022 (the "IPERS ACFR"), indicates that as of June 30, 2022, the date of the most recent actuarial valuation for IPERS, the funded ratio of IPERS was 89.50%, and the unfunded actuarial liability was approximately \$4.616 billion. The IPERS ACFR identifies the IPERS Net Pension Liability at June 30, 2022, at approximately \$3.778 billion, while its net pension asset at June 30, 2021, was approximately \$345.2 million. The IPERS ACFR is available on the IPERS website, or by contacting IPERS at 7401 Register Drive, Des Moines, IA 50321. See "APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER" for additional information on IPERS.

Bond Counsel, Disclosure Counsel, the Municipal Advisor, counsel to the Municipal Advisor and the Issuer undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the State

Auditor's website or links to other Internet sites accessed through the IPERS website.

In fiscal year ended June 30, 2022, the Issuer's IPERS contribution totaled approximately \$962,246. The Issuer is current in its obligations to IPERS. Pursuant to Governmental Accounting Standards Board Statement No. 68, IPERS has allocated the net pension liability among its members, with the Issuer's identified portion at June 30, 2022, at approximately \$148,702. While the Issuer's contributions to IPERS are controlled by state law, there can be no assurance the Issuer will not be required by changes in State law to increase its contribution requirement in the future, which may impact the finances of the Issuer. See "APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER" for additional information on pension and liabilities of the Issuer.

Rating

Moody's Investors Service, Inc. (the "Rating Agency") has assigned a rating of "Aa3" to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of the Rating Agency, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Rating agencies are currently not regulated by any regulatory body. Future regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Bonds.

Legislative Change Related to School Choice

The Legislature enacted and the Governor signed House File 68 (HF68) during its 2023 legislative session. HF68 establishes a general fund appropriation for an Education Savings Account Fund (Fund) under the control of the Department of Education. The Fund must be used to establish individual accounts for participating pupils and to make qualified education savings account payments on behalf of parents and guardians, including payment for nonpublic school tuition, textbooks, software, fees, curriculum materials, and other similar expenses. HF68 is effective beginning in fiscal year ending June 30, 2024 and expands eligibility for the program each year with all students attending a nonpublic school becoming eligible beginning fiscal year ending June 30, 2026.

The annual amount per account in the Fund is determined by the State Cost Per Pupil (SCPP) for that fiscal year and changes each year based on the State Percent of Growth (SPG). For fiscal year ending 2024, the SCPP is \$7,598, which amount will be deposited into the Fund, instead of being sent to the Issuer, for each qualifying student within the Issuer attending a nonpublic school. HF68 provides that a District is funded in an amount of \$1,176 per student for resident pupils who attend a nonpublic school. According to the Department of Education, there are 15 students who reside within the boundaries of the Issuer but attend non-public schools for the 2022-23 school year. It is unknown how many additional students, if any, will attend non-public schools in future years, as HF68 is implemented. If a significant number of eligible students in the Issuer transition to non-public schools, it could have an adverse impact on the Issuer's finances given the reduction in per student funding the Issuer would otherwise receive. The Bonds are general obligations of the Issuer. See "THE BONDS – Source of Security for the Bonds" herein.

Proposed Federal Tax Legislation

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals are pending in Congress that could, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what forms any of such proposals, either pending

or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. In addition, regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

DTC-Beneficial Owners

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the Issuer nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See "THE BONDS—Book-Entry Only System."

Risks as Employer

The Issuer is a major employer, combining a complex mix of full-time faculty, part-time faculty, technical and clerical support staff and other types of workers in a single operation. As with all large employers, the Issuer bears a wide variety of risks in connection with its employees. These risks include discrimination claims, personal tort actions, work-related injuries, exposure to hazardous materials, interpersonal torts (such as between employees or between employees and students) and other risks that may flow from the relationships between employer and employee or between students and employees. Certain of these risks are not covered by insurance, and certain of them cannot be anticipated or prevented in advance.

Cybersecurity

The Issuer, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computers or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Issuer will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the Issuer's information systems could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant. Along with significant liability claims or regulatory penalties, any security breach could have a material adverse impact on the Issuer's operations and financial condition.

The Issuer maintains cyber-insurance policies. The Issuer cannot predict whether these policies would be sufficient in the event of a cyber-incident.

Debt Payment History

The Issuer knows of no instance in which it has intentionally defaulted in the payment of principal and interest on any of its debt.

Redemption Prior to Maturity

In considering whether the Bonds might be redeemed prior to maturity, Bondholders should consider the information included in this Official Statement under the heading "THE BONDS." Furthermore, the Bonds are subject to optional and mandatory redemption as set forth herein. See "THE BONDS" herein.

Clean up Costs and Liens under Environmental Statutes

The Issuer is not aware of any enforcement actions currently in process with respect to any releases of pollutants or contaminants at the Project sites. However, there can be no assurance that an enforcement action or actions will not be instituted under such statutes at future date. In the event such enforcement actions were initiated, the Issuer could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the Project sites. In addition, under applicable environmental statutes, in the event an enforcement action is initiated, a lien superior to any Bondholders' lien, if any, could attach to the Project, which may adversely affect the Bondholders' rights.

General Liability Claims

In recent years, the number of general liability suits and the dollar amounts of damage awards have increased nationwide, resulting in substantial increases in insurance premiums. Litigation may also arise against the Issuer from its business activities, such as its status as an employer. While the Issuer maintains general liability insurance coverage, the Issuer is unable to predict the availability or cost of such insurance in the future. In addition, it is possible that certain types of liability awards may not be covered by insurance as in effect at relevant times. Any negative impact resulting from such awards may impact the Issuer's ability to operate.

Project Completion; Risks of Construction

A delay in completion of the Project may arise from any number of other causes, including but not limited to, adverse weather conditions, unavailability of subcontractors, and negligence on the part of subcontractors, labor disputes, or unanticipated costs of construction, equipping or renovation. Any of these events or occurrences, separately or in combination, could have a material adverse effect on the Issuer's ability to complete the Project, or to complete it as planned and on schedule. The Issuer believes that the proceeds of the Bonds plus the issuance in calendar year 2024 or 2025 of the remainder of the General Obligation School Bonds authorized by the voters, will be sufficient to complete the Project; however, the cost of construction of the Project may be affected by factors beyond the control of the Issuer, including strikes, material shortages, adverse weather conditions, trade tariffs, subcontractor defaults, delays, and unknown conditions.

Damage or Destruction to District's Facilities

Although the District maintains certain kinds of insurance, there can be no assurance that the District will not suffer uninsured losses in the event of damage to or destruction of the District's facilities, including the Project, due to fire or other calamity or in the event of other unforeseen circumstances

Financial Condition of the Issuer from time to time

No representation is made as to the future financial condition of the Issuer. Certain risks discussed herein could adversely affect the financial condition and/or operations of the Issuer in the future. However, the Bonds are secured by an unlimited ad valorem property tax as described more fully in the "THE BONDS – Source of Security for the Bonds" herein.

Continuing Disclosure

A failure by the Issuer to comply with the continuing disclosure obligations (see "Continuing Disclosure" herein) will not constitute an event of default on the Bonds. Any such failure must be disclosed in accordance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and may adversely affect the transferability and liquidity of the Bonds and their market price.

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgement as to its ability to bear the economic risk of such and investment, and whether or not the bonds are an appropriate investment for such investor.

Bankruptcy and Insolvency

The rights and remedies provided in the Resolution may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditor's rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State of Iowa. The various opinions of counsel to be delivered with respect to the Bonds and the Resolution, including the opinion of Bond Counsel, will be similarly qualified. If the Issuer were to file a petition under chapter nine of the federal bankruptcy code, the owners of the Bonds could be prohibited from taking any steps to enforce their rights under the Resolution. In the event the Issuer fails to comply with its covenants under the Resolution or fails to make payments on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Bonds.

Under sections 76.16 and 76.16A of the Code of Iowa, as amended, a city, county, or other political subdivision may become a debtor under chapter nine of the federal bankruptcy code, if it is rendered insolvent, as defined in 11 U.S.C. §101(32)(c), as a result of a debt involuntarily incurred. As used therein, "debt" means an obligation to pay money, other than pursuant to a valid

and binding collective bargaining agreement or previously authorized bond issue, as to which the governing body of the city, county, or other political subdivision has made a specific finding set forth in a duly adopted resolution of each of the following: (1) that all or a portion of such obligation will not be paid from available insurance proceeds and must be paid from an increase in general tax levy; (2) that such increase in the general tax levy will result in a severe, adverse impact on the ability of the city, county, or political subdivision to exercise the powers granted to it under applicable law, including without limitation providing necessary services and promoting economic development; (3) that as a result of such obligation, the city, county, or other political subdivision is unable to pay its debts as they become due; and (4) that the debt is not an obligation to pay money to a city, county, entity organized pursuant to chapter 28E of the Code of Iowa, or other political subdivision.

Tax Matters, Bank Qualification, and Loss of Tax Exemption

As discussed under the heading "TAX EXEMPTION AND RELATED TAX MATTERS" herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the Issuer in violation of its covenants in the Resolution. Should such an event of taxability occur, the Bonds would not be subject to a special prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Bonds, and there is no provision for an adjustment of the interest rate on the Bonds.

The Issuer will designate the Bonds as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

It is possible that legislation will be proposed or introduced that could result in changes in the way that tax exemption is calculated, or whether interest on certain securities are exempt from taxation at all. Prospective purchasers should consult with their own tax advisors regarding any pending or proposed federal income tax legislation. The likelihood of any pending or proposed federal income tax legislation being enacted or whether the proposed terms will be altered or removed during the legislative process cannot be reliably predicted.

It is also possible that actions of the Issuer after the closing of the Bonds will alter the tax status of the Bonds, and, in the extreme, remove the tax-exempt status from the Bonds. In that instance, the Bonds are not subject to mandatory prepayment, and the interest rate on the Bonds does not increase or otherwise reset. A determination of taxability on the Bonds, after closing of the Bonds, could materially adversely affect the value and marketability of the Bonds.

Factors Beyond Issuer's Control

Economic and other factors beyond the Issuer's control, such as economic recession, deflation of property values, or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the corporate boundaries of the Issuer. The State of Iowa, including the Issuer, is susceptible to tornados, flooding and extreme weather wherein winds and flooding have from time to time caused significant damage, which may have an adverse impact on the Issuer's financial position.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

LITIGATION

The District encounters litigation occasionally, as a course of business, however, no litigation currently exists that is not believed to be covered by current insurance carriers and no litigation has been proposed that questions the validity of the Bonds.

ACCOUNTANT

The accrual-basis financial statements of the Issuer included as APPENDIX D to this Official Statement have been examined by Kay L. Chapman, CPA PC to the extent and for the periods indicated in their report thereon. Such financial statements have been included herein without permission of said CPA, and said CPA expresses no opinion with respect to the Bonds or the Official Statement.

UNDERWRITING

The Bonds are being purchased, subject to certain conditions, by Robert W. Baird & Co., Milwaukee, WI (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the Bonds at an aggregate purchase price of \$3,460,422.70 plus accrued interest to the Closing Date.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the initial public offering prices stated on the cover page. The initial public offering prices of the Bonds may be changed, from time to time, by the Underwriter.

The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.

THE PROJECT

The Bonds are being issued to provide funds to i) construct, furnish, and equip an addition to Solon Intermediate School building and improve the site; to renovate, remodel, improve, repair, furnish and equip Lakeview Elementary building and improve the site; to renovate, remodel, improve, repair, furnish and equip the Transportation Center; to construct, furnish, and equip a new Administrative building and improve the site; to construct, furnish, and equip a new multi-purpose indoor activity facility and improve the site; and to install a new field at Spartan Stadium; and ii) pay costs of issuance for the Bonds.

SOURCES AND USES OF FUNDS

Sources of Funds		
	Bond Proceeds	\$3,470,000.00
	Reoffering Premium	33,367.70
Total Sources of Funds		\$3,503,367.70
Uses of Funds		
	Deposit to Project fund	\$3,396,872.70
	Costs of Issuance	63,550.00
	Underwriter's Discount	42,945.00
Total Uses of Funds		\$3,503,367.70

TAX EXEMPTION AND RELATED TAX MATTERS

Tax Exemption

Federal tax law contains a number of requirements and restrictions that apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and facilities financed with Bond proceeds, and certain other matters. The Issuer has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the Issuer's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, the interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

The interest on the Bonds is not exempt from present Iowa income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the

applicability of any such state and local taxes.

Qualified Tax Exemption Obligations

The Bonds will be designated as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

Discount and Premium Bonds

The initial public offering price of certain Bonds may be less than the amount payable on such Bonds at maturity ("Discount Bonds"). Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds may be greater than the amount of such Bonds at maturity ("Premium Bonds"). Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable premium on Premium Bonds for income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Other Tax Advice

In addition to the income tax consequences described above, potential investors should consider the additional tax consequences of the acquisition, ownership, and disposition of the Bonds. For instance, state income tax law may differ substantially from state to state, and the foregoing is not intended to describe any aspect of the income tax laws of any state. Therefore, potential investors should consult their own tax advisors with respect to federal tax issues and with respect to the various state tax consequences of an investment in Bonds.

Audits

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. To the best of the Issuer's knowledge, no obligations of the Issuer are currently under examination by the Service. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Issuer as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Reporting and Withholding

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Tax Legislation

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may be considered by the Iowa legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest or other income on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Current and future legislative proposals, including some that carry retroactive effective dates, if enacted into law, court decisions, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any other legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed tax legislation, as to which Bond Counsel expresses no opinion other than as set forth in its legal opinion.

The Opinion

The FORM OF LEGAL OPINION, in substantially the form set out in APPENDIX B to this Preliminary Official Statement, will be delivered at closing.

Bond Counsel's opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Issuer described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel's opinion is not binding on the Service, nor does the rendering of the opinion guarantee the outcome of any legal dispute that may arise out of the transaction. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise.

Enforcement

There is no bond trustee or similar person to monitor or enforce the terms of the resolution for issuance of the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year.

The owners of the Bonds cannot foreclose on property within the boundaries of the Issuer or sell such property in order to pay the debt service on the Bonds. In addition, the enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in Bond Counsel's opinion. The opinion will state, in part, that the obligations of the Issuer with respect to the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, to the exercise of judicial discretion in appropriate cases and to the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

Bond Counsel Review

Bond Counsel has approved the language included in this "Tax Exemption and Related Considerations" Section but has not otherwise participated in the preparation of this Preliminary Official Statement and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has not examined, nor attempted to examine or verify, any of the financial or statistical statements or data contained in this Preliminary Official Statement and will express no opinion with respect thereto.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE).

MUNICIPAL ADVISOR

The Issuer has retained Piper Sandler & Co. as financial advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of the Official Statement. The Municipal Advisor is not a public accounting firm and has not been engaged by the Issuer to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

CONTINUING DISCLOSURE

The Issuer will covenant in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Bonds to provide annually certain financial information and operating data relating to the Issuer (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the Issuer no later than April 15 after the close of each fiscal year, commencing with the fiscal year ending June 30, 2023, with the Municipal Securities Rulemaking Board, at its internet repository named "Electronic Municipal Market Access" ("EMMA"). The notices of events, if any, are also to be filed with EMMA. See "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE." The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

A failure by the District to comply with the Undertaking will not constitute a default under the Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. Any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause

the District to comply with its obligations under the Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default thereunder. If the District fails to comply with any provision of the Disclosure Certificate, the sole remedy available shall be an action to compel performance. A failure by the District to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

For the five-year period beginning May 18, 2018 through May 18, 2023, inclusive, the Issuer believes it has complied with the Rule in all material respects; however, the Issuer provides the following disclosure for the sole purpose of assisting Underwriters in complying with the Rule. The Issuer did not timely file a notice of defeasance for certain maturities of the Issuer's outstanding General Obligation School Bonds, Series 2014. The Issuer filed the Material Event Notice and a Failure to Timely File Notice on November 30, 2022.

MISCELLANEOUS

Brief descriptions or summaries of the Issuer, the Bond, and statutes are included in this Official Statement. The summaries or references herein to the Bonds and statutes referred to herein, and the description of the Bonds included herein, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the aforesaid documents. Copies of such documents may be obtained from the Issuer.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or Owners of any of the Bonds.

The attached APPENDICES A, B, C, D and E are integral parts of this Official Statement and must be read together with all of the foregoing statements.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Bonds.

APPENDIX A - INFORMATION ABOUT THE ISSUER

SOLON COMMUNITY SCHOOL DISTRICT, IOWA DISTRICT OFFICIALS

PRESIDENT Tim Brown

BOARD MEMBERS Adam Haluska

Dan Coons Cassie Rochholz Jami Wolf

SUPERINTENDENT Dr. Davis Eidahl

DISTRICT SECRETARY Kris Wentzien

DISTRICT TREASURER Pat Moore

DISTRICT ATTORNEY

CONSULTANTS

BOND COUNSEL Ahlers & Cooney, P.C.

Des Moines, Iowa

DISCLOSURE COUNSEL Ahlers & Cooney, P.C.

Des Moines, Iowa

FINANCIAL ADVISOR Piper Sandler

Des Moines, Iowa

PAYING AGENT UMB Bank, n.a.

West Des Moines, Iowa

General Information

The Solon Community School District is located in the northern portion of Johnson County and the southern portion of Linn County, immediately adjacent to the cities of Cedar Rapids and Iowa City. Cedar Rapids is Iowa's second largest city, and Iowa City is Iowa's seventh largest city, and home to the University of Iowa.

District Facilities (1)

Presented below is a recap of the existing facilities of the Issuer:

<u>Building</u>	Construction Date	Grades Served
High School	2001	9-12
Middle School	2017	6-8
Intermediate School	2018	4-5
Auditorium Addition	1992	NA
Lakeview Elementary	1968	PK-3
Central Office/board	1917	NA

Enrollment (1)

Total enrollment in the Issuer in the fall of the past five school years has been as follows:

Count Date	Fiscal Year effective	Certified (Resident) (4)	Open Enroll In	Open Enroll Out	Total Served (5)
October-22	2023-24	1,451.3	51.0	38.8	1,463.5
October-21	2022-23	1,429.8	62.0	29.4	1,462.4
October-20	2021-22	1,414.1	87.0	27.7	1,473.4
October-19	2020-21	1,395.9	111.0	28.3	1,478.6
October-18	2019-20	1,397.1	130.0	29.4	1,497.7

Staff(1)

Presented below is a list of the Issuer's 221 employees.

Administrators:	7	Library Services Specialists:	1
Teachers:	115	Nurses:	2
Teacher Aids:	34	Guidance:	3
Custodians:	17	Secretaries:	7
Food Service:	14	Transportation:	12
Other/Mgrs/Director:	8	Maintenance:	1

Population (2)

Presented below are population figures for the periods indicated for the city of Solon:

Year	Solon
2020	3,018
2010	2,037
2000	1,177
1990	1,050
1980	969
1970	837

⁽¹⁾ Source: the Issuer

⁽²⁾ Source: U.S. Census Bureau

⁽³⁾ Source: Iowa Department of Education

⁽⁴⁾ Used for Sales Tax distribution

⁽⁵⁾ Used for State Aid distribution

Other Post-Employment Benefits (OPEB) (1)

Plan Description - The Issuer administers a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses.

Individuals who are employed by the Issuer 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/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	187
Total	190

Total OPEB Liability – The Issuer's total OPEB liability of \$429,081 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – the total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement:

Rate of inflation (effective 6/30/22)

Rates of salary increase (effective 6/30/22) including inflation

Discount rate (effective 6/30/22) including inflation

Healthcare cost trend rate (effective 6/30/22)

1.92% compounded annually

6.7% initial rate decreasing by varying amounts to an ultimate rate of 3.7%

Discount Rate – The discount rate used to measure the total OPEB liability was 1.92%, which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 mortality table projected mortality improvements based on scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability:

Total OPEB obligation – beginning of year		\$715,132
Changes for the year		
	Service Cost	68,574
	Interest	18,939
	Difference between expected & actual experiences	(193,296)
	Change in assumption	(158,936)
	Benefit Payments	(21,332)
Net Changes		(286,051)
Net OPEB obligation – end of year		\$429,081

Changes of assumptions reflect a change in the discount rate from 2.45% in fiscal year 2021 to 1.92% in fiscal year 2022.

(1) Source: the Issuer

Employee Pension Plan (1)

<u>Plan Description.</u> Iowa Public Employees' Retirement System ("IPERS") membership is mandatory for employees of the Issuer. The Issuer's employees are provided with pensions through a cost-sharing multiple employer defined pension plan administered by IPERS. IPERS benefits are established under Iowa Code, Chapter 97B and the administrative rules thereunder. The Issuer's employee who completed seven years of covered service or has reached the age of 65 while in IPERS covered employment becomes vested. If the Issuer's employee retires before normal retirement age, the employees' monthly retirement benefit will be permanently reduced by an early-retirement reduction. IPERS provides pension benefits as well as disability benefits to Issuer employees and benefits to the employees' beneficiaries upon the death of the eligible employee. See "APPENDIX D-AUDITED FINANCIAL STATEMENTS OF THE ISSUER-NOTES TO THE FINANCIAL STATEMENTS" for additional information on IPERS. Additionally, copies of IPERS annual financial report may be obtained from www.ipers.org. Moreover, IPERS maintains a website at www.ipers.com. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Contributions. Effective July 1, 2012, as a result of a 2010 law change, IPERS contribution rates for the Issuer and its employees are established by IPERS following the annual actuarial valuation (which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization method.) State statute, however, limits the amount rates can increase or decrease each year to one (1) percentage point. Therefore, any difference between the actuarial contribution rates and the contributions paid is due entirely to statutorily set contributions that may differ from the actual contribution rates. As a result, while the contribution rate in the fiscal year ended June 30, 2017 equaled the actuarially required rate, there is no guarantee, due to this statutory limitation on rate increases, that the contribution rate will meet or exceed the actuarially required rate in the future.

The Issuer's contributions to IPERS is not less than that which is required by law. The Issuer's share of the contribution, payable from the applicable funds of the Issuer, is provided by a statutorily authorized annual levy of taxes without limit or restriction as to rate or amount. The Issuer has always made its full required contributions to IPERS.

The following table sets forth the contributions made by the Issuer and its employees to IPERS for the period indicated. The Issuer cannot predict the levels of funding that will be required in the future.

Table 1 – Issuer and Employees Contribution to IPERS.

	Issuer Co	ontribution	Issuer Employees' Contribution		
	Amount	% of Covered	Amount	% of Covered	
Fiscal Year	Contributed	Payroll	Contributed	Payroll	
2018	\$838,783	8.93	\$609,210	5.95	
2019	1,007,995	9.44	671,641	6.29	
2020	942,421	9.44	627,420	6.29	
2021	939,447	9.44	625,966	6.29	
2022	962,246	9.44	641,705	6.29	

The Issuer cannot predict the levels of funding that will be required in the future as any IPERS unfunded pension benefit obligation could be reflected in future years in higher contribution rates. The investment of moneys, assumptions underlying the same and the administration of IPERS is not subject to the direction of the Issuer. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of IPERS ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, adjustments, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAAL could be substantial in the future, requiring significantly increased contributions from the Issuer which could affect other budgetary matters.

Table 2 – Recent returns of IPERS (1)

According to IPERS, the market value investment return on program assets is as follows:

Fiscal Year	Investment
Ended	Return
June 30	%
2018	7.97
2019	8.35
2020	3.39
2021	29.63
2022	-3.90

⁽¹⁾ SOURCE: The Issuer

The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial reports of IPERS (collectively, the "IPERS CAFRs"), and the actuarial valuation reports provided to IPERS by Cavanaugh MacDonald Consulting, LLC (collectively, the "IPERS Actuarial Reports"). Additional information regarding IPERS and its latest actuarial valuations can be obtained by contacting IPERS administrative staff.

Table 3 – Funding Status of IPERS (1)

				Unfunded		Unfunded			UAAL as a
				Actuarial		Actuarial			Percentage
				Accrued	Funded	Accrued	Funded		of Covered
	Actuarial	Market	Actuarial	Liability	Ratio	Liability	Ratio		Payroll
	Value of Assets	Value of	Accrued	(Actuarial	(Actuarial	(Market	(Market	Covered	(Actuarial
Valuation	[a]	Assets	Liability	Value)	Value)	Value)	Value) %	Payroll	Value)
Date		[b]	[c]	[c]-[a]	[a]/[c]	[c]-[b]	[b]/[c]	[d]	[[c-a]/[d]]
2018	31,827,755,864	32,314,588,595	38,642,833,653	6,815,077,789	82.36	6,328,245,058	83.62	7,983,219,527	79.27
2019	33,324,327,606	34,010,680,731	39,801,338,797	6,477,011,191	83.73	5,790,658,066	85.45	8,151,043,468	71.04
2020	34,485,656,745	34,047,692,112	41,072,427,540	6,586,770,795	83.96	7,024,735,428	82.90	8,391,856,350	78.49
2021	37,584,987,296	42,889,875,682	42,544,648,750	4,959,661,454	88.34	-345,226,932	100.81	8,648,783,536	57.35
2022	39,354,232,379	40,186,392,289	43,969,714,606	4,615,482,227	89.50	3,783,322,317	91.40	9,018,019,950	51.18

Net Pension Liabilities (2)

At June 30, 2022, the Issuer reported a liability of \$148,702 for its proportional share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7%. The Issuer's proportion of the net pension liability was based on the Issuer's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. See "APPENDIX D-AUDITED FINANCIAL STATEMENTS OF THE ISSUER-NOTES TO THE FINANCIAL STATEMENTS" for additional information related to the Issuer's deferred outflows and inflows of resources related to pensions, actuarial assumptions, discount rate and discount rate sensitivity.

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Bond Counsel, Disclosure Counsel, the Issuer, counsel to the Municipal Advisor, the Underwriter and the Municipal Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the material available from IPERS as discussed above or included on the IPERS website, including, but not limited to, updates of such information on the Auditor of State's website or links to other websites through the IPERS website.

Investment of Public Funds (2)

The Issuer invests its funds pursuant to Chapter 12B of the Code. Presented below is the Issuer's investing activities as of February 28, 2023:

Type of Investment	Amount Invested
Local Bank Money Market	\$15,071,423.07
Local Bank Deposit Accounts	0
Local Bank Time CD's	0
ISJIT Money Market	0
ISJIT Time CD's	0

⁽¹⁾ Source: IPERS Actuarial Reports. For a description of the assumptions used when calculating the funding status of IPERS for the fiscal year noted herein, see IPERS CAFRs

⁽²⁾ Source: the Issuer

Major Employers (1)

Solon is located about eight miles north of Iowa City and about fifteen miles south of Cedar Rapids. Presented below is a summary of the largest employers in the Iowa City/Coralville area:

Employer	Business	Approx Employees
State Univ. of Iowa/Univ. Hospital	Education/health care	22,000
Collins Aerospace	Communication equipment	7,150
Mercy Medical Center	Health care	2,862
Cedar Rapids CSD	Education	2,482
St. Luke's Hospital	Health care	2,409
Amana Refrigeration Inc.	Appliance manufacturing	2,300
Hyvee Stores	Grocery store	1,950
MCI Communications	Long distance service	1,880
Alliant Energy	Utility	1,650
McLeod*USA	Telephone service	1,644
City of Cedar Rapids	Government	1,300
AEGON USA	Insurance	1,279
Quaker Oats	Cereals	1,236
Linn-Mar CSD	Education	1,208
AEGON/Financial Market Division	Insurance	1,187
Nash Finch Company	Food wholesaler	1,160
APAC Teleservices	Telemarketing	1,159
Kirkwood Community College	Education	1,336
College CSD	Education	973
Cedarapids	Rock crushing, washing equip.	892
Parson Technology	Computer software	877
The Gazette Co.	Newspaper	789
Linn County Offices	Government	700
General Mills Inc.	Package Food	680
Square D. Company	Electrical distribution & control equip.	654
Norand Corporation	Electric order entry, retail computer systems	618
PMX Industries	Mfg/processors	500
United States Post Office	Government/mail services	500

Property Tax Assessment (2) (3)

In compliance with section 441.21 of the Code of Iowa, as amended, the State Director of Revenue annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The final values, called Actual Valuation, are then adjusted by the County Auditor. Assessed or Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential and commercial property.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Assessed or Taxable Valuation. The rollback percentages for residential, agricultural and commercial valuations are as follows:

Fiscal Year	Residential	Ag. Land & Bldgs	Commercial (3)	Multi-residential	Railroad (3)	<u>Utilities</u>	Industrial (3)
2023-24	54.6501	91.6430	90.0000	NA	90.0000	100.0000	90.0000
2022-23	54.1302	89.0412	90.0000	63.7500	90.0000	100.0000	90.0000
2021-22	56.4094	84.0305	90.0000	67.5000	90.0000	98.5489	90.0000
2020-21	55.0743	81.4832	90.0000	71.2500	90.0000	100.0000	90.0000
2019-20	55.6209	54.4480	90.0000	75.0000	90.0000	100.0000	90.0000

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. For example, the assessments finalized on January 1, 2021 are used to calculate tax liability for the tax year starting July 1, 2022 through June 30, 2023. Presented below are the historic property valuations of the Issuer by class of property.

⁽¹⁾ Source: Cedar Rapids Metro Economic Alliance

⁽²⁾ Source: Iowa Department of Revenue

⁽³⁾ For assessment year 2022 (applicable to fiscal year 2023-24 valuations), the taxable value rollback rate is 54.6501% of actual value for residential property; 91.6430% of actual value for agricultural property and 100.0000% of the actual value of utility property. The residential taxable rollback rate of 54.6501% applies to the value of each property unit of commercial, industrial and railroad property that exceeds zero dollars (\$0), but does not exceed one hundred fifty thousand dollars (\$150,000), with a taxable value rollback rate of 90.0000% to the value that exceeds one hundred fifty thousand dollars (\$150,000).

Property Valuations (1)

Actual Valuation					
Valuation as of January	2022	2021	2020	2019	2018
Fiscal Year	2023-24	2022-23	2021-22	<u>2020-21</u>	2019-20
Residential:	908,347,763	870,669,576	787,375,980	764,783,046	721,569,440
Agricultural Land:	42,377,200	42,419,900	43,122,000	43,142,622	61,155,231
Ag Buildings:	2,749,700	2,582,900	2,127,300	1,940,600	3,124,000
Commercial:	37,875,804	36,231,923	33,984,219	32,511,552	31,011,704
Industrial:	790,642	790,762	870,251	913,881	871,432
Multi-Residential	0	8,060,827	7,420,768	7,159,481	6,198,150
Reserved	0	0	0	0	0
Railroads:	0	0	0	0	0
Utilities:	2,411,213	3,889,104	5,190,151	4,515,120	5,697,884
Other:	0	0	0	0	0
Total Valuation:	994,552,322	964,644,992	880,090,669	854,966,302	829,627,841
Less Military:	502,329	511,152	524,116	525,968	553,748
Net Valuation:	994,049,993	964,133,840	879,566,553	854,440,334	829,074,093
TIF Valuation:	25,751,283	24,151,033	23,020,013	26,407,679	29,247,855
Utility Replacement:	63,199,296	29,508,352	18,401,705	17,914,772	17,155,593
Taxable Valuation					
Valuation as of January	2022	2021	2020	2019	2018
<u>Fiscal Year</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>
Residential:	485,970,945	461,938,892	436,558,923	412,281,462	401,021,193
Agricultural Land:	38,835,749	37,771,170	36,235,625	35,149,438	34,319,887
Ag Buildings:	2,519,912	2,299,838	1,787,582	1,581,265	1,753,576
Commercial:	29,058,556	32,358,794	30,193,991	28,806,516	27,400,082
Industrial:	649,248	702,392	765,841	799,551	757,052
Multi-Residential	0	4,717,806	4,696,931	4,749,932	4,303,620
Reserved	0	0	0	0	0
Railroads:	0	0	0	0	0
Utilities:	2,411,213	3,889,104	5,114,835	4,515,120	5,697,884
Other:	0	0	0	0	0
Total Valuation:	559,445,623	543,677,996	515,353,728	487,883,284	475,253,294
Less Military:	502,329	511,152	524,116	525,968	553,748
Net Valuation:	558,943,294	543,166,844	514,829,612	487,357,316	474,699,546
TIF Valuation:	25,751,283	24,151,033	22,843,207	26,251,274	29,247,855
Utility Replacement:	6,163,746	3,812,146	2,604,925	2,759,352	2,861,331
	Actual	% Change in	Taxable	% Change in	
Valuation	Valuation	Actual	Valuation	Taxable	
Year	w/Utilities	<u>Valuation</u>	w/ Utilities	<u>Valuation</u>	
2022	1,083,000,572	6.41%	590,858,323	3.45%	
2021	1,017,793,225	10.51%	571,130,023	5.71%	
2020	920,988,271	2.47%	540,277,744	4.63%	
2019	898,762,785	2.66%	516,367,942	1.89%	
2018	875,477,541	2.51%	506,808,732	4.54%	

⁽¹⁾ Source: Iowa Department of Management

Tax Rates (1)

Presented below are the taxes levied by the Issuer for the fund groups as presented, for the period indicated:

Fiscal Year	Operating	<u>Management</u>	B-PPEL	V-PPEL	Playground	Debt Service	Capital Improvements	Total Levy
2023	9.30015	1.26330	0.33000	1.34000	0.00000	4.04717	0.00000	16.28062
2022	10.58147	0.79870	0.33000	1.34000	0.00000	3.22991	0.00000	16.28008
2021	11.87511	0.45907	0.33000	1.34000	0.00000	2.24646	0.00000	16.25064
2020	10.28878	0.24081	0.33000	1.34000	0.00000	4.04859	0.00000	16.24818
2019	10.17072	0.35663	0.33000	1.34000	0.00000	4.04348	0.00000	16.24083

Historic Tax Rates (1)

Presented below are the tax rates by taxing entity for residents of the City of Solon:

Fiscal Year	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	Ag Extension	<u>County</u>	Total Levy Rate
2023	10.97629	16.28062	1.34462	0.00240	0.27379	0.06862	6.04075	34.98709
2022	10.92262	16.28008	1.31195	0.00260	0.28052	0.06820	6.16774	35.03371
2021	10.84314	16.25064	1.25730	0.00270	0.28010	0.06861	6.34581	35.04830
2020	10.82842	16.24818	1.21331	0.00280	0.28114	0.07039	6.49278	35.13702
2019	10.89780	16.24083	1.20354	0.00290	0.31212	0.07080	6.53594	35.26393

Tax Collection History (2)

Presented below are the actual ad-valorem tax levies and collections for the periods indicated:

Fiscal	Amount	Amount	Percentage
<u>Year</u>	Levied	Collected	Collected
2023	9,067,688	In collection	NA
2022	8,537,529	8,537,736	100.00%
2021	8,072,974	8,080,846	100.10%
2020	7,929,304	7,859,374	99.12%
2019	7,552,118	7,550,858	99.98%
2018	7.378,353	7,377,629	99,99%

Source: Iowa Department of Management

⁽¹⁾ (2) Source: the Issuer

Largest Taxpayers (1) (2)

Set forth in the following table are the persons or entities which represent the 2021 largest taxpayers within the Issuer. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the Issuer. The Issuer's tax levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the Issuer from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the tax levies of the other taxing entities which overlap the properties.

<u>Taxpayer</u>	2021 Taxable Valuation	Percent of Total
Celebration Farm LLC (The)	2,709,290	0.474%
Solon Nursing Care Center Inc	2,385,880	0.418%
Buckeye Pipeline	2,173,035	0.380%
Solon Nursing Care Center	1,864,072	0.326%
Solon State Bank	1,820,610	0.319%
Caseys Marketing Company	1,652,554	0.289%
Morio, Dominic G	1,635,750	0.286%
South Slope Coop Telephone	1,521,000	0.266%
Preston Enterprises LLC	1,504,116	0.263%
Sadler Investments LLC	1,464,544	0.256%
	Total	3.28%

⁽¹⁾ Source: Linn and Johnson County

Utility Property Tax Replacement. Beginning in 1999, the State replaced its previous property tax assessment procedure in valuing the property of entities involved primarily in the production, delivery, service and sale of electricity and natural gas with a replacement tax formula based upon the delivery of energy by these entities. Electric and natural gas utilities now pay replacement taxes to the State in lieu of property taxes. All replacement taxes are allocated among local taxing cities by the State Department of Revenue and Finance and the Department of Management. This allocation is made in accordance with a general allocation formula developed by the Department of Management on the basis of general property tax equivalents. Properties of these utilities are exempt from the levy of property tax by political subdivisions. Utility property will continue to be valued by a special method as provided in the statute and taxed at the rate of three cents per one thousand dollars for the general fund of the State. The utility replacement tax statute states that the utility replacement tax collected by the State and allocated among local taxing cities (including the Issuer) shall be treated as property tax when received and shall be disposed of by the county treasurer as taxes on real estate. However, utility property is not subject to the levy of property tax by political subdivisions, only the utility replacement tax and statewide property tax. It is possible that the Issuer's authority to levy taxes to pay principal and interest on the Bonds could be adjudicated to be proportionately reduced in future years if the utility replacement tax were to be other than "taxable property" for purposes of computing the Issuer's levy limit under Iowa Code Section 298.18, as amended from time to time. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the Issuer can issue or (ii) adversely affect the Issuer's ability to levy taxes in the future for the payment of the principa

Direct Debt

General Obligation School Bonds (Debt Service) (1)

Presented below is the principal and interest on the Issuer's outstanding general obligation bonds, including an estimate for the Bonds, presented by fiscal year and issue:

Fiscal						Pre-	·levy		Total	Total	
Year	12/22/14	6/4/15	6/1/16	7/6/23	FY18	FY19	FY20	FY23	Principal	<u>Interest</u>	Total P&I
6/1/24	550,000	435,000	220,000	510,000					1,715,000	670,831	2,385,831
6/1/25	565,000	450,000	225,000	0					1,240,000	594,225	1,834,225
6/1/26	585,000	455,000	235,000	0					1,275,000	559,275	1,834,275
6/1/27	600,000	460,000	255,000	0					1,315,000	523,375	1,838,375
6/1/28	610,000	485,000	260,000	0					1,355,000	485,838	1,840,838
6/1/29	640,000	485,000	270,000	0					1,395,000	446,375	1,841,375
6/1/30	660,000	500,000	280,000	0					1,440,000	404,950	1,844,950
6/1/31	680,000	520,000	285,000	0					1,485,000	361,500	1,846,500
6/1/32	705,000	530,000	295,000	0					1,530,000	316,675	1,846,675
6/1/33	725,000	550,000	300,000	0				-350,000	1,225,000	270,488	1,495,488
6/1/34	750,000	565,000	310,000	0	-110,000	-170,000	-260,000	-210,000	875,000	234,300	1,109,300
6/1/35		1,390,000	285,000	0					1,675,000	209,600	1,884,600
6/1/36			1,515,000	0					1,515,000	160,063	1,675,063
6/1/37				380,000					380,000	118,400	498,400
6/1/38				400,000					400,000	103,200	503,200
6/1/39				405,000					405,000	87,200	492,200
6/1/40				420,000					420,000	71,000	491,000
6/1/41				435,000					435,000	54,200	489,200
6/1/42				450,000					450,000	36,800	486,800
6/1/43				470,000					470,000	18,800	488,800
				•					_		

-170,000

-260,000

-560,000 21,000,000

5,727,093 26,727,093

General Obligation School Capital Loan Notes (PPEL) (1)

Totals: 7,070,000 6,825,000 4,735,000 3,470,000

The Issuer does not have any outstanding General Obligation School Capital Loan Notes.

Anticipatory Warrants (1)

The Issuer has not issued anticipatory warrants during the past five years.

School Infrastructure Sales, Services & Use Tax Revenue Bonds (1)

Presented below is the principal and interest on the Issuer's outstanding School Infrastructure Sales, Services & Use Tax Revenue Bonds.

-110,000

Fiscal Year	Total Principal	Total Interest	Total Obligations
7/1/24	956,000	162,285	1,118,285
7/1/25	980,000	139,150	1,119,150
7/1/26	1,003,000	115,434	1,118,434
7/1/27	1,027,000	91,161	1,118,161
7/1/28	1,052,000	66,308	1,118,308
7/1/29	1,078,000	40,850	1,118,850
7/1/30	610,000	7,381	617,381
Totals:	6,706,000	622,569	7,328,569

⁽¹⁾ Source: the Issuer

Debt Limit (1) (2) (3)

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of property within the corporate limits, taken from the last County Tax list. The Issuer's debt limit, based upon said valuation, amounts to the following:

	FY24	FY23
Actual Valuation:	1,083,000,572	1,017,793,225
X	5%	5%
Statutory Debt Limit:	54,150,029	50,889,661
Total General Obligation Bond Debt:	21,000,000	21,000,000
Total General Obligation Note Debt:	0	0
Total Lease Purchases:	0	0
Total Loan Agreements:	0	0
Total Debt Subject to Limit:	21,000,000	21,000,000
Percentage of Debt Limit Obligated:	38.78%	41.27%

It has not been determined whether the Issuer's Sales Tax Revenue Bonds do or do not count against the constitutional debt limit. If the Bonds do count against the constitutional debt limit, the amount of debt subject to the debt limit would increase \$6,706,000 to be \$27,706.,000, or 54.44% of the statutory debt limit.

⁽¹⁾ Direct debt source: the Issuer

⁽²⁾ Valuation data source: Iowa Department of Management

Utility Property Tax Replacement. Beginning in 1999, the State replaced its previous property tax assessment procedure in valuing the property of entities involved primarily in the production, delivery, service and sale of electricity and natural gas with a replacement tax formula based upon the delivery of energy by these entities. Electric and natural gas utilities now pay replacement taxes to the State in lieu of property taxes. All replacement taxes are allocated among local taxing cities by the State Department of Revenue and Finance and the Department of Management. This allocation is made in accordance with a general allocation formula developed by the Department of Management on the basis of general property tax equivalents. Properties of these utilities are exempt from the levy of property tax by political subdivisions. Utility property will continue to be valued by a special method as provided in the statute and taxed at the rate of three cents per one thousand dollars for the general fund of the State. It is possible that the general obligation debt capacity of the Issuer could be adjudicated to be proportionately reduced in future years if utility property were determined to be other than "taxable property" for purposes of computing the Issuer's debt limit under Article XI of the Constitution of the State of Iowa. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the Issuer can issue or (ii) adversely affect the Issuer's ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Bonds.

Overlapping & Underlying Debt (1) (3)

Presented below is a listing of the overlapping and underlying debt outstanding of Issuers within the Issuer.

	Total GO Debt	Taxable Valuation	Valuation Within Issuer	Percentage	Amount
Taxing Authority	Outstanding	(x \$1,000)	(x \$1,000)	<u>Applicable</u>	<u>Applicable</u>
CITY OF SOLON	6,332,000	175,553,580	175,553,580	100.00%	6,332,000
JOHNSON COUNTY	3,202,400	10,319,638,826	567,951,581	5.50%	176,247
LINN COUNTY	56,967,529	13,420,013,397	3,178,442	0.02%	13,492
KIRKWOOD CC	167,255,000	30,441,046,586	571,130,023	1.88%	3,138,011
Grant Wood AEA	0	30,441,046,586	571,130,023	1.88%	0

Total: 9,659,751

FINANCIAL SUMMARY (1) (2) (3) (4)

Actual Value of Property	1,083,000,572
Taxable Value of Property	590,858,323
Direct General Obligation Debt:	21,000,000
Overlapping Debt:	9,659,751
Direct & Overlapping General Obligation Debt:	303,659,751
Population, 2020 US Census:	7,350
•	
Direct Debt per Capita:	2,857
Total Debt per Capita:	4,171
•	
Direct Debt to Taxable Valuation:	3.554%
Total Debt to Taxable Valuation:	5.189%
Direct Debt to Actual Valuation:	1.939%
Total Debt to Actual Valuation:	2.831%
Actual Valuation per Capita:	147,347
Taxable Valuation per Capita:	80,389

⁽¹⁾ Valuation source: Iowa Department of Management

Direct debt source: the Issuer

⁽²⁾ (3) Overlapping debt outstanding source: Treasurer, State of Iowa; where available, EMMA.MSRB.ORG

⁽⁴⁾ Population source: U.S. Census Bureau

APPENDIX B-FORM OF LEGAL OPINION

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Directors of the Solon Community School
District in the Counties of Johnson and Linn, State of Iowa, and acts of administrative officers of the School District (the "Issuer"), relating t
the issuance of General Obligation School Bonds, Series 2023, by said Issuer, dated July 6, 2023, in the denominations of \$5,000 or multiple
thereof, in the aggregate amount of \$ (the "Bonds").

We have examined the law and certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Resolution authorizing issuance of the Bonds (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

- 1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and issue the Bonds.
- 2. The Bonds are valid and binding general obligations of the Issuer.
- 3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. Taxes have been levied by the Resolution for the payment of the Bonds and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
- 4. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

The Issuer has designated the Bonds "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Code.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

AHLERS & COONEY, P.C.

AFFENDIA C-FORM OF CONTINUING DISCLOSURE CERTIFICATE
This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Solon Community School District, State of Iowa (the "Issuer"), in connection with the issuance of \$ General Obligation School Bonds, Series 2023 (the "Bonds") dated July 6, 2023. The Bonds are being issued pursuant to a Resolution of the Issuer approved on, 2023 (the "Resolution"). The Issuer covenants and agrees as follows:
Section 1. Purpose of the Disclosure Certificate; Interpretation. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). This Disclosure Certificate shall be governed by, construed and interpreted in accordance with the Rule, and, to the extent not in conflict with the Rule, the laws of the State. Nothing herein shall be interpreted to require more than required by the Rule.
Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:
"Annual Financial Information" shall mean financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.
"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.
"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close
"Dissemination Agent" shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.
"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with S.E.C. Rule 15c2-12.
"Holders" shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.
"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.
"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1300 I Street NW, Suite 1000 Washington, DC 20005.
"National Repository" shall mean the MSRB's Electronic Municipal Market Access website, a/k/a "EMMA" (emma.msrb.org).
"Official Statement" shall mean the Issuer's Official Statement for the Bonds, dated, 2023.
"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission (S.E.C.) under the Securities Exchange Act of 1934, and any guidance and procedures thereunder published by the S.E.C., as the same may be amended from time to time.

"State" shall mean the State of Iowa.

Section 3. Provision of Annual Financial Information.

- The Issuer shall, or shall cause the Dissemination Agent to, not later than the 15th day of April of each year following the close of the Issuer's fiscal year (currently June 30), commencing with information for the 2022/2023 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).
- If the Issuer is unable to provide to the National Repository the Annual Financial Information by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.

- c. The Dissemination Agent shall:
 - i. each year file Annual Financial Information with the National Repository; and
 - ii. (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Financial Information has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

Section 4. Content of Annual Financial Information. The Issuer's Annual Financial Information filing shall contain or incorporate by reference the following:

- a. The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information filing shall contain unaudited financial statements of the type included in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Financial Information when they become available.
- b. A table, schedule or other information of the type contained in the final Official Statement under the caption "Property Valuations", "Tax Rates", "Historic Tax Rates", "Tax Collection History", "Direct Debt", "Debt Limit", and "Financial Summary".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the National Repository. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

- a. Pursuant to the provisions of this Section, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than 10 Business Days after the day of the occurrence of the event:
 - i. Principal and interest payment delinquencies;
 - ii. Non-payment related defaults, if material;
 - iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - iv. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
 - v. Substitution of credit or liquidity providers, or their failure to perform;
 - vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Bonds, or material events affecting the tax-exempt status of the Bonds;
- vii. Modifications to rights of Holders of the Bonds, if material;
- viii. Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
- ix. Defeasances of the Bonds;
- x. Release, substitution, or sale of property securing repayment of the Bonds, if material;
- xi. Rating changes on the Bonds;
- xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
- xiii. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- xv. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- xvi. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.

If the Issuer determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Issuer shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board through the filing with the National Repository.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate with respect to each Series of Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds of that Series or upon the Issuer's receipt of

an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- a. If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- b. The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- c. The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Financial Information filing, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Financial Information filing for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Financial Information filing or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Financial Information filing or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information filing or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity. Section 13. Rescission Rights. The Issuer hereby reserves the right to rescind this Disclosure Certificate without the consent of the Holders in the event the Rule is repealed by the S.E.C. or is ruled invalid by a federal court and the time to appeal from such decision has expired. In the event of a partial repeal or invalidation of the Rule, the Issuer hereby reserves the right to rescind those provisions of this Disclosure Certificate that were required by those parts of the Rule that are so repealed or invalidated.

Date:	day of	. 2023.
Daw.	uay 01	, 2023.

		SOLON CO By:	OMMUNITY SCHOOL DISTRICT, STATE OF IOWA
		J	President
ATTI	EST:		
By:			
	Secretary of the Board of Directors		

EXHIBIT A - NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer:	Solon Community School District, Iowa.						
Name of Bond Issue:	\$General	Obligation School Bonds, Series 2023					
Dated Date of Issue:	July 6, 2023						
NOTICE IS HEREBY GIVEN that the Issuer has not provided Annual Financial Information with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate delivered by the Issuer in connection with the Bonds. The Issuer anticipates that he Annual Financial Information will be filed by							
Dated:day of	,20						
		SOLON COMMUNITY SCHOOL DISTRICT, STATE OF IOWA By: Ite:					

APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER

This Appendix contains the entire 2022 audited financial statement of the issuer. The Auditor of State of the State of Iowa (the "State Auditor") maintains a webpage that contains prior years' audits of city, county, school district and community college, including audits of the Issuer, which can be found at the following link https://www.auditor.iowa.gov/reports/audit-reports

The remainder of this page was left blank intentionally.

SOLON COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2022

SOLON COMMUNITY SCHOOL DISTRICT

Table of Contents June 30, 2022

Officials		Page 1
Independent Auditor's Report		2-5
Management's Discussion and Analysis		6-14
Tranagement 5 Discussion and Analysis		0-14
Basic Financial Statements	Exhibit	
Government-wide Financial Statements	,	
Statement of Net Position	A	16-17
Statement of Activities	В	18-19
Governmental Fund Financial Statements		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
Proprietary Fund Financial Statements		
Statement of Net Position	G	24
Statement of Revenues, Expenses and Changes in Fund Net Position	Н	25-26
Statement of Cash Flows	I	27
Fiduciary Fund Financial Statements		
Statement of Fiduciary Net Position	J	28
Statement of Changes in Fiduciary Net Position	K	29
Notes to Financial Statements		30-51
Required Supplementary Information		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and C	hanges	53
in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds		
Notes to Required Supplementary Information - Budgetary Reporting		54
Schedule of the District's Proportionate Share of the Net Pension Liability		55
Schedule of District Contributions		56
Notes to Required Supplementary Information - Pension Liability		57
Schedule of Changes in the District's Total OPER Liability Related Ratios as	nd Notes	50

Table of Contents June 30, 2022

Supplementary Information	Schedule	Page
Nonmajor Governmental Funds		
Combining Balance Sheet	1	60
Combining Schedule of Revenues, Expenditures and Changes in	2	61
Fund Balances		
Nonmajor Enterprise Funds		
Combining Statement of Net Position	3	62
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	4	63-64
Combining Statement of Cash Flows	5	65
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	6	66-67
Schedule of Revenues by Source and Expenditures by Function - All Governamental Funds	7	68
Schedule of Expenditures of Federal Awards	8	69-70
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		71-72
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance		73-75
Schedule of Findings and Questioned Costs		76-80
Audit Staff		81

SOLON COMMUNITY SCHOOL DISTRICT Officials June 30, 2022

Name	<u>Title</u> Board of Education	Term <u>Expires</u>
Tim Brown	Board President	2025
Adam Haluska	Board Vice President	2023
Jamie Wolf	Board Member	2023
Dan Coons	Board Member	2025
Cassie Rochholz	Board Member	2025
Davis Eidahl	Superintendent	2023
Kris Wentzien	District Secretary	2023
Pat Moore	District Treasurer	2023
Ahlers & Cooney PC	Attorney	2023

Kay L. Chapman, CPA PC

116 Harrison Street Muscatine, Iowa 52761 563-264-1385 kchapman@cpakay.com

Independent Auditor's Report

To the Board of Education of Solon Community School District:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of a Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

• Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Solon Community School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability (Asset), the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 6 through 14 and 53 through 58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Solon Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the six years ended June 30, 2018 (which are not presented herein) were audited by other auditors, in accordance with the standards referred to in the third paragraph of this report, who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations. Part 200, Uniform Administrative Requirements. Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the

audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information in Schedules 1 through 8 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

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

Kay L. Chapman, CPA PC

Kan Chapman

February 15, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2022 FINANCIAL HIGHLIGHTS

- The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, <u>Leases</u>, during fiscal year 2022. The implementation of this standard revised certain assets and liability accounts related to leases, however had no effect on the beginning net position for governmental activities.
- General Fund revenues decreased slightly from \$16,769,905 in fiscal year 2021 to \$16,680,473 in fiscal year 2022, and expenditures increased from \$15,508,021 in fiscal year 2021 to \$15,968,311 in fiscal year 2022. This resulted in an increase in General Fund balance from \$3,764,226 at June 30, 2021 to \$4,463,990 at June 30, 2022.
- Despite an increase in a few sources of General Fund revenue, the overall General Fund revenue
 decreased from prior year. Increases were seen in income surtaxes (ISL), state foundation aid and
 federal sources but were offset by a decrease in taxes levied on property, utility excise
 replacement tax, tuition and earnings on investments.
- Expenditures in the General Fund increased by 3%. Functional areas showing an increase were special instruction, vocational instruction, co-curricular instruction, student support services, staff support services, building administration, fiscal services, maintenance and transportation.

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 Solon Community School District as a whole and present an overall view of the District's finances.

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

In the government-wide financial statements, the District's activities are divided into 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 program, before and after school program, preschool (tuition-paying) program, and Spart Mart program 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 revenues, such as federal grants.

The District has three kinds of funds:

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

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

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

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

The District also has one Internal Service Fund which accounts for flex benefits of the District. The Internal Service Fund also provides additional information such as cash flows but is included as a part of the governmental activities.

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

- 3) Fiduciary funds: The District is the trustee, or fiduciary, for assets that belong to others. These funds include a Private-Purpose Trust Fund.
 - Private-Purpose Trust Fund The District accounts for revenues and expenses of activities of groups associated with the District that fundraise for the purpose of awarding scholarships to students.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position at June 30, 2022 compared to June 30, 2021.

Figure A-1

			Condensed	Statement of N	et Position		
		nmental vities		ss Type vities		otal trict	Total Change
	Jun	e 30,	Jun	e 30,	June	e 30,	June 30,
		Restated				Restated	
	<u>2022</u>	2021	2022	<u>2021</u>	2022	2021	2021-2022
Current and other assets	\$ 22,447,160	\$ 20,382,525	\$ 1,758,007	\$ 1,241,606	\$ 24,205,167	\$ 21,624,131	11.94%
Capital assets	55,299,101	57.025,867	219,057	199,494	_55.518,158	57.225,361	-2.98%
Total assets	77,746.261	77,408,392	1,977,064	1,441,100	79.723,325	78,849,492	1.11%
Deferred outflows of resources	1,355.240	2,151,020	59,800	128,851	1.415,040	2,279,871	-37.93%
Long-term liabilities	29,042,281	39,718,638	23,372	398,149	29,065,653	40,116,787	-27.55%
Other liabilities	2,217,402	2,191,868	131,648	152,163	2,349,050	2,344.031	0.21%
Total liabilities	31,259,683	41,910,506	155,020	550,312	31,414,703	42,460,818	-26.01%
Deferred inflows of resources	15.839,753	9,330,343	288,909	196,311	16,128,662	9,526,654	69.30%
Net position							
Net investment in capital assets	26,879,599	26,548,345	219,057	199,494	27,098,656	26,747,839	1.31%
Restricted	6,499,902	5,724,019	-		6,499,902	5,724,019	13.55%

Unrestricted	(1.377,436)	(3,953,800)	1,373,878	623,834	(3,558)	(3.329.966)	100.11%
Total net position	\$ 32,002,065	\$ 28,318,564	\$ 1,592,935	\$ 823,328	\$ 33,595,000	\$ 29,141,892	15.28%

The District's total net position increased by 15%, or \$4,453,108, over the prior year.

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

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$775,883 or 14% over the prior year. The restricted net position can be attributed to an increase in Management, Student Activity, SAVE and Debt Service.

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 \$3,333,524, or over 100%.

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

Figure A-2

			Ch	ange in Net Po	sition		
	Governmen	tal Activities	Business Ty	pe Activities	Total	District	Total Change
Revenues	2022	2021	2022	<u>2021</u>	2022	2021	2021-2022
Program revenues							
Charges for service and sales	\$ 1,112,267	\$ 1,050,484	\$ 573,244	\$ 506,181	\$ 1,685,511	\$ 1,556,665	8.28%
Operating grants	2,919,799	2,816,764	1,199,876	928,504	4,119,675	3,745,268	10.00%
General revenues							
Property tax	8,694,831	8,231,961	ė,	4	8,694,831	8,231,961	5.62%
Income surtax	794,821	614,084	£	-	794,821	614,084	29.43%
Statewide sales, services and use tax	1,700,215	1,393,663		-	1,700,215	1,393,663	22.00%
Unrestricted state grants	6,714,022	6,528,188	8	- 4	6,714,022	6,528,188	2.85%
Contributions and donations	33,785	100,423		-2	33,785	100,423	-66.36%
Unrestricted investment earnings	33,978	51,733	1,355	991	35,333	52,724	-32.98%
Other	39,053	53,887			39,053	53,887	-27.53%
Total revenues	22,042,771	20,841,187	1,774,475	1,435,676	23,817,246	22,276,863	6.91%
Program expenses							
Governmental activities							
Instruction	9,287,944	10,616,765	70,135	53,122	9,358,079	10,669,887	-12.29%
Support services	5,359,798	5,600,802	38,400	32,083	5,398,198	5,632,885	-4.17%
Non-instructional programs		9	896,333	1,070,956	896,333	1,070,956	-16.31%
Other expenses	3,711,528	3,568,809	-		3,711,528	3,568,809	4.00%
Total expenses	18,359,270	19,786,376	1,004,868	1,156,161	19,364,138	20,942,537	-7.54%
Change in net position	3,683,501	1,139,437	769,607	279,515	4,453,108	1,418,952	213.83%
Net position, beginning of year	28,318,564	27,179,127	823,328	543,813	29,141,892	27,722,940	5.12%
Net position, end of year	\$ 32,002,065	\$ 28,318,564	\$ 1,592,935	\$ 823,328	\$ 33,595,000	\$ 29.141.892	15.28%

In fiscal year 2022, property tax and unrestricted state grants accounted for nearly 70% of governmental activities revenues while charges for service and operating grants, accounted for almost 100% of business type activities revenues. The District's total revenues were \$23,817,246, of which \$22,042,771 was for governmental activities and \$1,774,475 was for business type activities.

As shown in figure A-2, the District as a whole experienced a 7% increase in revenues and an 8% decrease in expenses.

Governmental Activities

Revenues for governmental activities were \$22,042,771 and expenses were \$18,359,270 for the year ended June 30, 2022.

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

Figure A-3
Total and Net Cost of Governmental Activities

	Tot	al Cost of Service	es	Net	Cost of Service	S
	-		Change			Change
	2022	2021	2021-2022	2022	2021	2021-2022
Instruction	\$ 9,287,944	\$10,616,765	-12.5%	\$ 6,013,476	\$ 7,471,868	-19.5%
Support services	5,359,798	5,600,802	-4.3%	5,254,943	5,508,784	-4.6%
Other expenses	3,711,528	3,568,809	4.0%	3,058,785	2,938,476	4.1%
Total expenses	\$18,359,270	\$19,786.376	-7.2%	\$14,327,204	\$15,919,128	-10.0%

For the year ended June 30, 2022:

- The cost financed by users of the District's programs was \$1,112,267.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,919,799.
- The net cost of governmental activities was financed with \$11,189,867 of property and other taxes and \$6,714,022 of unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2022 were \$1,774,475, representing 24% increase over the prior year, while expenses totaled \$1,004,868, a 13% decrease from the prior year. The District's business type activities are the School Nutrition Fund, Before and After School Programs Fund, the Preschool (tuition paying) Fund, and Spart Mart Fund. The School Nutrition Fund recognized revenue increases in federal funds (28%), Before & After School local revenue (tuition) increase of 26% as well as federal funds (related to COVID).

INDIVIDUAL FUND ANALYSIS

As previously noted, Solon 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 \$10,539,788, well above last year's ending fund balances of \$9,129,272. The combined fund balances in the governmental

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 \$10,539,788, well above last year's ending fund balances of \$9,129,272. The combined fund balances in the governmental funds, more specifically, the restricted fund balances in Debt Service, School Infrastructure (SAVE) and PPEL account for 50% of the combined fund balance.

Governmental Fund Highlights

- The General Fund balance increased from \$3,764,226 to \$4,463,990. The General Fund had an
 increase in current assets over prior year of \$490,689, a substantial decrease in deferred inflow of
 resources corresponding to an increase in the General Funds unrestricted net position.
- The Capital Projects, Physical Plant and Equipment Levy Fund balance decreased slightly from \$1,263,606 in 2021 to \$1,263,472 in 2022.
- The Debt Service Fund balance increased slightly from \$1,844,111 in 2021 to \$1,872,019 in 2022. The Debt Service Fund is used to pay the principal, interest and agent fees on the District's outstanding debt. The District, in prior years, has pre-levied a total of \$540,000. The proceeds are in an escrow account and will be used to pay principal on the December 2014 general obligation bonds when they are callable May 1, 2024.

Proprietary Fund Highlights

Total Proprietary Fund net position increased from \$823,328 at June 30, 2021 to \$1,592,935 at June 30, 2022, an increase of 93%. As mentioned in prior comments, School Nutrition Fund and Before and After School provided this large increase.

BUDGETARY HIGHLIGHTS

The District amended its budget one time during the year ended June 30, 2022, increasing budgeted expenditures by \$990,000. Amendments were approved in all four areas of expenditures: instruction, total support services, non-instructional programs and total other expenditures. Budget amendments were provided due to teacher retention pay, additional instructional suppory levy expenditures, increased expenditures in transportation and maintenance and additional PPEL expenditures.

The District's total revenues were \$978,951 more than total budgeted revenues, a variance of approximately 4%. Increases budget to actual revenue were shown in income surtax, other state sources and federal revenue.

Total expenditures were \$3,757,310 less than budgeted, in it is the District's practice to budget expenditures at a maximum authorized spending authority. The District then manages or controls spending through its line-item budget by fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had invested \$55,518,158 net of accumulated depreciation/amortization, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment, transportation equipment and intangible right-to-use leased assets. (See Figure A-4) This represents a net decrease of 3% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation/amortization expense for the year was \$2,019,332.

The original cost of the District's capital assets was \$77,035,673. Governmental funds account for \$76,523,121, with the remainder of \$512,552 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the right-to-use leased equipment category, which decreased from \$88,523 in 2021 to \$63,920 in 2022 due to amortization of \$24,603. Right-to-use lease equipment consists of two leases with Marco Technologies.

Figure A-4

		Сар	ital Assets, N	let of Depreci	ation/Amortizati	ion	
		nmental ivities	Busines Acti	s-Type vities		otal strict	Total Change
	Jun	e 30,	Jun	e 30,	Jun	e 30,	June 30,
	2022	2021 (Restated)	2022	2021	2022	2021 (Restated)	2021-2022
Land	\$ 1,047,404	\$ 1,047,404	\$ -	\$ -	\$ 1,047,404	\$ 1,047,404	0.00%
Buildings and improvements	50,777,330	52,243,791	(4)	100	50,777,330	52,243,791	-2.81%
Improvements, other than buildings	2,841,561	3,118,739	-	_	2,841,561	3,118,739	-8.89%
Furniture and equipment	568,886	527,410	219,057	199,494	787,943	726,904	8.40%
Right-to-use leased equipment	63,920	88,523			63,920	88,523	-27.79%
Totals	\$55,299,101	\$57,025,867	\$219,057	\$199,494	\$55,518,158	\$57,225,361	-2.98%

Long-Term Debt

At June 30, 2022, the District had \$29,065,653 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of 27% from last year. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is below its constitutional debt limit of approximately \$27 million.

Figure A-5

	Outstanding	g Long-term Ob	ligations
	To	tal	Total
	Dis	trict	Change
	June	20,	June 30,
Governmental Activities	2022	2021 (Restated)	2020- 2021
General obligation bonds	\$ 19,800,000	\$ 20,940,000	-5.44%
Revenue bonds	8,555,000	9,449,000	-9.46%
Lease agreements	64,502	88,523	-27.14%
Termination benefits	<u>.</u>	59,938	-100.00%
Compensated absences	68,368	26,664	156.41%
Net pension liability	142,687	8,467,918	-98.31%
Total OPEB liability	411,724	686,595	-40.03%
	29,042,281	39,718,638	-26.88%

Business Type Activities			
Net pension liability	6,015	369,612	-98.37%
Total OPEB liability	17,357	28,537	-39.18%
	23,372	398,149	-94.13%
Total	\$ 29,065,653	\$ 40,116,787	-27.55%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Supplemental state aid for the past few years has been 2.3% (FY 21), 2.40% (FY 22), 2.5% (FY 23) and 3% for FY 24. Supplemental state aid for FY 24 will provide roughly \$481,569 in "new money" for Solon. Of that new money, 66% can be attributed to current enrollment and the remaining 35% for increased enrollment. "New money" is used annually to fund expenditures related to collective bargaining, as well as compensation for those not covered by a collective bargaining agreement and, when needed, to assist in funding new positions.
- Certified enrollment from October 2018 to October 2019 had a slight decrease of 1.20 students. By October 2020, the District's certified enrollment grew to 1414.10 and October 2021 count went up by 15.7 students to 1429.80. District enrollment increased by 21.5 students for the October 2022 certified enrollment count. It is the District's belief that the student count will continue to increase due to several new housing developments that are currently in the building stage. As the District continues to monitor the student numbers, it also recognizes the next step in expansion is to add the wing onto the current intermediate school. In recognizing this need, among others, the District will have a bond referendum on March 7, 2023.
- The District was able to utilize the cash reserve levy in Fiscal Years 2017-2022. Fiscal year 2020 cash reserve levied was \$757,971, fiscal year 2021 cash reserve levied was \$1,590,724 and FY22 cash reserve levy was \$1,082,985. Cash reserve levy maximum is arrived at by using the prior year certified annual report 20% of the general fund expenditures less the unexpended fund balance. For example, cash reserve levy allowed for FY24 is based on the CAR information from the FY22 school year. Cash reserve, for Solon, has been levied to account for increases in enrollment, special education deficits (prior year) and for cash reserve purposes. Similar to FY 2023, the District does not have cash reserve authority for the FY 24 budget.
- Solon recognized a special education deficit of \$349,650 in FY 22 which represents a 68% increase over the prior year (FY 21) deficit. FY 21 had a decrease of 28% over the prior year FY 20. It is noted that the District does participate in Medicaid, which directly offsets special education expenditures. In FY 21, the District's net of non-federal share was \$119,302 and decreased slightly to \$116,664 in FY 22.
- The current CBA (collective bargaining agreement) between the SEA (Solon Education Association) and the District, for fiscal FY 21, was in its second of 3-year agreement. The third year (FY 22) represented a 3% package. In August of 2021, the Board of Education and SEA agreed to extend the CBA into an additional year, also at 3%. In August of 2022, the Board of Education and SEA agreed to extend the CBA into an additional (final) year at 3.5%. During FY 22, an Alternative Salary Schedule Committee was formed and met throughout the year to discuss shared interests of providing annual increases across all levels of experience and education, no one making less money, recruiting high quality candidates, schedules that keep up with inflation and insurance costs, incentivizing retention and schedules understandable by all parties involved.

Agreed upon criteria used to review compensation models: understandable, ratifiable, mutually satisfying, beneficial, legal and affordable.

- As of June 30, 2022, the District had outstanding general obligation debt and SAVE revenue bonds in the amount of \$28,355,000. During the years ended June 30, 2018, 2019, and 2020, the District approved an additional debt service levy to advance refund \$110,000 (2018), \$170,000 (2019) and \$260,000 (2020) in principal of the December 22, 2014 general obligation bond issuance when the bonds become callable (May 2024). The District also approved an additional debt service levy in FY23 to advance refund \$560,000 in principal of the December 22, 2014 general obligation bond issuance when callable (May 2024). Total of all advance refunding through FY23 budget is \$1,100,000. Estimated cost savings for advance refunding general obligation bond debt \$346,125.
- The Solon Community School District will have a bond referendum vote on March 7, 2023. The ballots will include a \$25.5 million general obligation bond issue, renewal of the Physical Plant & Equipment Levy and the Revenue Purpose Statement (SAVE). The proposed general obligation bond issue would fund expanding the Solon Intermediate School (SIS), updating Lakeview Elementary School, creating a dedicated transportation facility, demolishing the former middle/high school and building district office space, adding a multi-purpose large group space and completing updates at Spartan Stadium. As the current rate of debt service is \$4.05, a favorable outcome on the referendum would not increase the Debt Service levy rate. A favorable outcome for PPEL would result in a 10-year renewal, current voter approved PPEL expires in 2026. Re-approval of the Revenue Purpose Statement for SAVE would be effective until 1/11/2051.
- With enrollment growth, conversations continue on current and future staffing. During fiscal year 2023, the District added a fourth preschool room and has recently advertised job openings to add a fifth section for FY24. The Nutrition department added a Nutrition Services Specialist in FY23 and hired its first mechanic (General Fund) in January 2023. Additionally, the District increased the FTE of the Industrial Technology Program Teacher to 1.0 in FY23. In FY24, the District anticipates adding .125 FTE for family/consumer science course offerings. Growth in enrollment will continue to impact staffing. With additional staffing comes additional costs. Additional costs can be funded through remaining "new money", fund balances on hand (not continuous) or, in some cases, through categorical funding. As the District continues to grow it is imperative that the District financial ratios remain in a stable position. Stable financial ratios have been seen in solvency, unspent authorized budget, percent of revenue and salary/benefits as a percent of General Fund expenditures.
- The Board of Education reviews the various General Fund ratios to gauge the District's finances annually, as well as monthly. Percent of revenue spent, salary and benefits as a percentage of the general fund and the solvency ratio are reviewed. Percent of revenue spent simply measures what percentage of revenue into the General Fund is expended. COVID impacted this ratio for FY 20 & 21 and by the end of FY 22, the District has spent 96% of the General Fund Revenue received that year. Salary and benefits as a percentage of the General Fund has remained relatively constant at 80% since FY 20. Board range is 75-80%. Solvency provides a "snap-shot" of resources on hand and the District's percent of available funding at fiscal year-end. The Board has sent the range at 10-15%. Due to the pandemic, solvency has been higher than the set range in FY21 & FY22. It still remains the District's management position to meet or exceed the Board set ranges for each financial ratio recognizing there may be events beyond the District's control (ex: COVID, derecho).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Pat Moore the District's Chief Financial Officer/Treasurer, Solon Community School District, 301 S lowa Street, Solon, Iowa, 52333.

Basic Financial Statements

Exhibit A

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

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 12,150,623	\$ 1,731,609	\$ 13,882,232
Receivables			
Property tax			
Delinquent	62,792	04	62,792
Succeeding year	9,067,688	9	9,067,688
Accounts receivable	246,822	9,606	256,428
Income surtax	707,317	· ·	707,317
Due from other governments	212,268	2,362	214,630
Internal balances	(350)	350	
Inventories	4	14,080	14,080
Non-depreciable capital assets	1,047,404		1,047,404
Capital assets, net of accumulated			
depreciation/amortization	54,251,697	219,057	54,470,754
Total assets	77,746,261	1,977,064	79,723,325
Deferred Outflows of Resources			
Pension related deferred outflows	1,355,240	59,800	1,415,040
Liabilities			
Accounts payable	312,108	10,376	322,484
Salaries and benefits payable	1,818,800	42,804	1,861,604
Accrued interest payable	85,035	-	85,035
Unearned revenue		78,468	78,468
Advances from grantors	1,459		1,459
Long-term liabilities			
Portion due within one year			
General obligation bonds payable	1,170,000	4	1,170,000
Revenue bonds payable	914,000	-	914,000
Lease agreements	28,797	4	28,797
Total OPEB liability	21,322	ė,	21,322
Portion due after one year			
General obligation bonds payable	18,630,000	-	18,630,000
Revenue bonds payable	7,641,000	4.	7,641,000
Lease agreements	35,705	.40	35,705
Compensated absences payable	68,368	-	68,368
Net pension liability	142,687	6,015	148,702
Total OPEB liability	390,402	17,357	407,759
Total liabilities	31,259,683	155,020	31,414,703

SOLON COMMUNITY SCHOOL DISTRICT Statement of Net Position

Exhibit A

June 30, 2022

	Governmental Activities	Business Type Activities	Total
Deferred Inflows of Resources			-
Unavailable property tax revenue	\$ 9,067,688	\$ -	\$ 9,067,688
Pension related deferred inflows	6,772,065	288,909	7,060,974
Total deferred inflows of resources	15,839,753	288,909	16,128,662
Net Position			
Net investment in capital assets	26,879,599	219,057	27,098,656
Restricted for			
Categorical funding	509,139	-	509,139
Management levy purposes	531,167	-	531,167
Physical plant and equipment	1,263,472	lu-	1,263,472
Debt service	1,786,984	-	1,786,984
Student activities	309,748	12	309,748
School infrastructure	2,099,392	1.9	2,099,392
Unrestricted	(1,377,436)	_1,373,878	(3,558)
Total net position	\$ 32,002,065	\$ 1,592,935	\$ 33,595,000

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

			Program Revenues		Net and C	Net (Expense) Revenue and Changes in Net Position	nue sition
Functions/Programs	Expenses	Charges for Services	Operating Grants, Contributions and Restricted	Capital Grants, Contributions and Restricted	Governmental	Business Type	Ē
Governmental activities Instruction			100 100	160101111	ACUVILLES	Acuvines	1 073
Regular instruction	\$ 6,115,410	\$ 498,001	\$1,986,251	5	\$ (3.631.158)	· •	\$ (3 631 158)
Special instruction	1,388,377	139,866	185,003	1	(1.063.508)	Y	(1 063 508)
Other instruction	1,784,157	454,932	2,181,669		(6.013.476)	i i	(1,318,810)
Support services							(2)(2)(2)
Student	421,914	ĺ		į	(421.914)		(421 914)
Instructional staff	797,224	ű		3	(797,224)		(767.224)
Administration	1,472,397	i	×	į	(1,472,397)	á	(1 472 397)
Operation and maintenance of plant	2,038,853	972	83,094	- 11	(1.954,787)	,	(1.954.787)
Transportation	629,410	18,496	2,293	•	(608,621)	q	(608,621)
	5,359,798	19,468	85,387		(5,254,943)	•	(5.254.943)
Other expenses							
Facilities acquisition	471,236	ī	1		(471,236)	1	(471,236)
Long-term debt interest and administration costs	793,489	1		ţ	(793,489)	Ý	(793 489)
AEA flowthrough	652,743	à	652,743	j		J.P	1
Depreciation/amortization (unallocated) *	1,794,060	3.0		a)	(1,794,060)	ı	(1.794.060)
	3,711,528	t	652,743		(3,058,785)	'	(3,058,785)
Total governmental activities	18,359,270	1,112,267	2,919,799		(14,327,204)	*	(14,327,204)

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

Exhibit B

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

|--|

General Revenues and Transfers

Statewide sales, services and use tax Contributions and donations Unrestricted state grants Property tax levied for General purposes Capital outlay Debt service Income surtax

Unrestricted investment earnings Other

Change in net position Net position beginning of year Net position end of year Total general revenues

See notes to financial statements.

			Program Revenues		Ne and C	Net (Expense) Revenue and Changes in Net Position	nue sition
Expenses	SI	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
\$ 70,135		69	69	5	69	\$ (70,135)	\$ (70,135)
20,841	341		1	i	· ·	(20,841)	(20,841)
16,289	687					(16,289)	(16,289)
1,2	1,270	A	i	è	,	(1,270)	(1,270)
717,674	574	107,815	1,172,929	Ü	- 1	563,070	563,070
178,659	926	465,429	26,947		1	313,717	313,717
1,004,868	898	573,244	1,199,876		•	768,252	768,252
\$ 19,364,138	138	\$ 1,685,511	\$4,119,675	·	(14,327,204)	768,252	(13,558,952)
					6,031,551	T	6,031,551
					1,755,574	F	1,755,574
					907,706	Gi	907,706
					794,821		794,821
					1,700,215	lei	1,700,215
					6,714,022	Gr	6,714,022
					33,785	1	33,785
					33,978	1,355	35,333
							and a

3,683,501 769, 28,318,564 823, \$32,002,065 \$1,592,
769,607 823,328 1,592,935

4,453,108

29,141,892

18,012,060

1,355

18,010,705

\$ 33,595,000

Exhibit C

Balance Sheet Governmental Funds June 30, 2022

		Capital Projects Physical Plant and		Nonmajor	
		Equipment	Debt	Governmental	
	General	Levy	Service	<u>Funds</u>	Total
Assets					
Cash, cash equivalents and pooled investments	\$ 6,116,380	\$1,292,681	\$1,860,625	\$2,816,253	\$12,085,939
Receivables					
Property tax					
Delinquent	40,551	6,537	12,644	3,060	62,792
Succeeding year	5,111,442	953,787	2,311,460	690,999	9,067,688
Accounts receivable	237,336	-		9,486	246,822
Income surtax	707,317	· -	L 9	- 14 m	707,317
Due from other governments	80,267			132,001	212,268
Total assets	\$12,293,293	\$2,253,005	\$4,184,729	\$3,651,799	\$22,382,826
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 191,394	\$ 35,746	\$ 1,250	\$ 19,034	\$ 247,424
Advances from grantors	5	- 4		1,459	1,459
Salaries and benefits payable	1,818,800	4	2.	- 4	1,818,800
Due to other fund	350		-	10	350
Total liabilities	2,010,544	35,746	1,250	20,493	2,068,033
Deferred inflows of resources					
Unavailable revenues					
Succeeding year property tax Income surtax	5,111,442	953,787	2,311,460	690,999	9,067,688
Total deferred inflows of resources	707,317	052.707	2 211 460		707,317
Total deferred inflows of resources	5,818,759	953,787	2,311,460	690,999	9,775,005
Fund balances					
Restricted for:					
Categorical funding	509,139	2.0		· ·	509,139
Debt service	-	-	1,872,019		1,872,019
Management levy purposes	-	E 1		531,167	531,167
Student activities	4	€.		309,748	309,748
School infrastructure	-		(C)	2,099,392	2,099,392
Physical plant and equipment	- 10 A T A T	1,263,472	2	-	1,263,472
Unassigned	3,954,851				3,954,851
Total fund balances	4,463,990	1,263,472	1,872,019	2,940,307	10,539,788
Total liabilities, deferred inflows of resources					
and fund balances	\$12,293,293	\$2,253,005	\$4,184,729	\$3,651,799	\$22,382,826

See notes to financial statements.

Exhibit D

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

Total fund balances of governmental funds

\$10,539,788

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.

55,299,101

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.

707.317

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.

(85,035)

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

Deferred outflows of resources
Deferred inflows of resources

\$1,355,240

(6,772,065)

(5,416,825)

Long-term liabilities, including lease agreements payable, bonds payable, compensated absences, other postemployment benefits payable and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.

(29,042,281)

Net position of governmental activities

\$32,002,065

Exhibit E

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2022

	of the Teal End	Capital Projects Physical Plant and Equipment	- Debt	Nonmajor Governmental	
Revenues	General	Levy	Service	Funds	Total
Local sources	General	LCVY	Scrvice	Tunus	Iotai
Local tax	\$ 6,271,991	\$ 902,298	\$1,745,114	\$ 413,293	\$ 9,332,696
Tuition	552,957	Ψ 702,270	91,715,111	Ψ 413,223	552,957
Other	197,570	4,931	8,785	475,975	687,261
State sources	9,086,641	5,408	10,460	1,702,801	10,805,310
Federal sources	571,314	5,406	10,400	1,702,601	571,314
Total revenues	16,680,473	912,637	1,764,359	2,592,069	21,949,538
Expenditures					
Current					
Instruction					
Regular	6,773,697	175,802			6,949,499
Special	1,579,768	-			1,579,768
Other	1,645,195	-	+	395,666	2,040,861
	9,998,660	175,802	-	395,666	10,570,128
Support services					
Student	453,732	- 4	4	i e	453,732
Instructional staff	913,671	- 1	1.7		913,671
Administration	1,587,432	14,014	- 2	69,307	1,670,753
Operation and maintenance of plant	1,817,685	39,500	Q.	299,122	2,156,307
Transportation	544,388	145,424	-	27,143	716,955
	5,316,908	198,938	-	395,572	5,911,418
Other expenditures					
Facilities acquisition	21	538,031		10,000	548,031
Long-term debt				100.57.00	
Principal	3-1	-	2,034,000	S	2,034,000
Interest and fiscal charges	4	100	822,702	-	822,702
AEA flowthrough	652,743	J-			652,743
	652,743	538,031	2,856,702	10,000	4,057,476
Total expenditures	15,968,311	912,771	2,856,702	801,238	20,539,022
Excess (deficiency) of revenues over (under) expenditures	712,162	(134)	(1,092,343)	1,790,831	1,410,516
Other financing sources (uses)		(131)	(1,002,010)		1,+10,510
Transfers in			1 120 251	12 200	1 122 (40
Transfers (out)	(12,398)		1,120,251	12,398 (1,120,251)	1,132,649 (1,132,649)
Total other financing sources (uses)	(12,398)	-	1,120,251	(1,107,853)	(1,132,049)
Change in fund balances	699,764	(134)	27,908	682,978	1,410,516
Fund balances, beginning of year	3,764,226	1,263,606	1,844,111	2,257,329	9,129,272
Fund balances, end of year	\$ 4,463,990	\$1,263,472	\$1,872,019	\$2,940,307	\$10,539,788
and the second s	4 1,100,000	# 1,200,172	ψ1,072,012	Ψ2,710,301	910,009,700

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities For the Year Ended June 30, 2022 Exhibit F

Change in fund balances - total governmental funds

\$ 1,410,516

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

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

exceeded capital outlay expenditures in the current year, as follows: Expenditures for capital assets	0 262.057	
Depreciation/amortization expense	\$ 263,957 (1,990,723)	(1,726,766)
Programs some various will not be called at for a real to the first of the second state of the second stat		14 3 11 5 11 6 11 6
Because some revenues will not be collected for several months after the year end, they are not considered available revenue and are recognized as deferred inflows of		
resources in the governmental funds.		93,233
Repayment of long-term liabilities is an expenditure in the governmental		
funds, but the repayment reduces long-term liabilities in the Statement of		
Net Position.		2,058,021

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

Termination benefits	59,938	
Pension expense	565,466	
Compensated absences	(41,704)	
Other postemployment benefits	297,359 881,059	

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

5,192

The current year District IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.

962,246

Change in net position of governmental activities

\$ 3,683,501

Exhibit G

Governmental

Statement of Net Position Proprietary Funds June 30, 2022

June 50, 2022		Activities
		Internal
	Nonmajor	Service
Assets	Enterprise	Fund
Current assets		
Cash and cash equivalents	\$1,731,609	\$64,684
Accounts receivable	9,606	à.
Due from other funds	350	4.
Due from other governments Inventories	2,362 14,080	2
Total current assets	1,758,007	64,684
Noncurrent assets		
Capital assets, net of accumulated depreciation	219,057	<u> </u>
Total assets	1,977,064	64,684
Deferred Outflows of Resources		
Pension related deferred outflows	59,800	<u> </u>
Liabilities		
Current liabilities		
Accounts payable	10,376	64,684
Salaries and benefits payable	42,804	1-
Unearned revenue	78,468	<u>^</u>
Total current liabilities	131,648	64,684
Noncurrent liabilities		
Net pension liability Total OPEB liability	6,015 17,357	3/
Total noncurrent liabilities	23,372	
Total liabilities	155,020	64,684
Deferred Inflows of Resources		
Pension related deferred inflows	288,909	· · · · · · ·
Net Position		
Investment in capital assets	219,057	-
Unrestricted	1,373,878	
Total net position	\$1,592,935	\$ -

Exhibit H

Governmental

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

Tof the Teal Blided Julie 50, 2022		Activities
		Internal
	Nonmajor	Service
Operating revenue	Enterprise	Fund
Local sources		
Charges for service	\$ 573,244	\$ 43,867
Operating expenses		
Instruction		
Regular		
Salaries	55,761	=
Benefits	11,917	
Supplies	2,457	
	70,135	
Support services		
Administration		
Benefits	-	43,867
Purchased services	20,691	
Miscellaneous	150	
	20,841	43,867
Operation and maintenance of plant		
Purchased services	16,289	1.5
Transportation		
Purchased services	1,270	
Total support services expenses	38,400	43,867
Non-instructional programs		
Food service operations		
Salaries	223,511	40
Benefits	(20,023)	12
Purchased services	53	
Supplies	485,524	14
Depreciation	28,609	
	717,674	-
Community service operations		
Salaries	188,570	2
Benefits	(61,645)	ro a
Purchased services	10,389	1. 2 . 1
Supplies	35,972	- 2
Miscellaneous	5,373	ر فیسید
	178,659	
Total non-instructional programs	896,333	-
Total operating expenses	1,004,868	43,867

Exhibit H

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

	Nonmajor <u>Enterprise</u>	Activ Inte	nmental vities rnal vice ind
Operating (loss)	\$ (431,624)	\$	
Non-operating revenue			
Interest income	1,355		2
State sources	6,267		ξ
Federal sources	1,193,609		- 3
Total non-operating revenue	1,201,231		-
Change in net position	769,607		125
Net position, beginning of year	823,328	-	
Net position, end of year	\$1,592,935	S	

Exhibit I

Governmental

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2022

		Activities
		Internal
	Nonmajor	Service
Cash flows from operating activities	Enterprise	Fund
Cash received from sale of services	\$ 621,639	\$ -
Cash received from other operations	· ·	43,867
Cash payments to employees for services	(633,168)	
Cash payments to suppliers for goods and services	(502,094)	(37,359)
Net cash provided by (used by) operating activities	(513,623)	6,508
Cash flows from non-capital financing activities		
State grants received	6,267	L +
Federal grants received	_1,185,453	
Net cash provided by non-capital financing activities	1,191,720	
Cash flows from capital and related financing activities		
Acquisition of capital assets	(48,172)	-
Cash flows from investing activities		
Interest on investments	1,355	
Net increase in cash and cash equivalents	631,280	6,508
Cash and cash equivalents, beginning of year	1,100,329	58,176
Cash and cash equivalents, end of year	\$1,731,609	\$ 64,684
Reconciliation of operating (loss) to net cash		
provided by (used by) operating activities		
Operating (loss)	\$ (431,624)	\$ -
Adjustments to reconcile operating (loss) to		
net cash provided by (used by) operating activities		
Depreciation	28,609	- 9
Commodities used	89,306	
Change in assets and liabilities:		
Accounts receivable	18,764	())
Inventories	(4,585)	- 4
Due from other funds	(350)	3
Deferred outflows of resources	69,051	
Accounts payable	(8,849)	6,508
Salaries and benefits payable	(21,397)	-
Unearned revenue	29,631	8
Net pension liability	(363,597)	-
OPEB liability	(11,180)	
Deferred inflows of resources	92,598	-
Net cash provided by (used by) operating activities	\$ (513,623)	\$ 6,508

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2022, the District received \$89,306 of federal commodities.

Statement of Fiduciary Net Position Fiduciary Fund June 30, 2022

Exhibit J

	Private
	Purpose
	Trust
	Scholarships
Assets	
Cash, cash equivalents and pooled investments	\$ 1,035
Net position	\$ 1,035
Restricted for scholarships	

Exhibit K

Statement of Changes in Fiduciary Net Position Fiduciary Fund

For the Year Ended June 30, 2022

	Private Purpose Trust
⊕	Scholarships
Additions	
Local sources	
Gifts and contributions	\$ 600
Deductions	
Scholarships awarded	600
Change in net position	3
Net position beginning of year	1,035
Net position end of year	\$ 1,035

Notes to Financial Statements June 30, 2022

Note 1. Summary of Significant Accounting Policies

Solon Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve, a before and after school program, and a three-year-old preschool. The geographic area served includes the City of Solon, Iowa, and the predominantly agricultural territory of Johnson and Linn Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

The Physical Plant and Equipment Levy Fund is a capital projects fund used to account for the resources from the regular and voter-approved levies to be used for the purchase and improvement of grounds; purchase, construction and remodeling of buildings; and major equipment and technology purchases.

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

The District reports no major proprietary funds. However, the District reports four nonmajor Enterprise Funds:

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

- 2) The Before & After School Programs Fund is used to account for the before and after school daycare operations of the District.
- 3) The Preschool (tuition paid) Programs Fund is used to account for the afternoon preschool operations of the District.
- 4) The Spart Mart Fund is used to account for the operations of the student store operations.

Additionally, the District reports the Internal Service Fund (another type of enterprise fund) which is used to account for the flex spending benefits received by District employees.

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

The Private Purpose Trust Fund is used to account for assets held by the District which benefit individuals through various activities of groups associated with the District that fundraise for the purpose of providing scholarship awards.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund 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. <u>Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund</u> Balance/Net Position

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

<u>Cash, Cash Equivalents and Pooled Investments</u> - The cash balances of most District funds are pooled and invested. Debt service escrow accounts at UMB are used to hold funds to make payments on the District's general obligation bonds at a future date.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

<u>Inventories</u> - 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.

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

Asset Class	Amoun	ıt
Land	\$ 2,50	0
Buildings	\$ 2,500	0
Improvements other than buildings	\$ 2,500	0
Right-to-use leased assets	\$ 5,000	0
Furniture and equipment:		
School Nutrition Fund equipment	\$ 500	0
Other furniture and equipment	\$ 2,500	0

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20-50 years
Right-to-use leased assets	2-15 years
Furniture and equipment	5-12 years

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

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

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as

the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

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

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

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

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

<u>Advances from Grantors</u> - Federal grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

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

<u>Salaries and Benefits Payable</u> - Payroll, related payroll expenditures and benefits for teachers, administration and support staff with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

<u>Unearned Revenue</u> - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed to the student or be used as meals are served to the student. The lunch account balances are reflected on the Statement of Net Position Proprietary Funds.

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

<u>Long-Term Liabilities</u> - 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.

<u>Pensions</u> - 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.

<u>Total OPEB Liability</u> - For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB, deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Solon District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental and business-type activities will be paid primarily by the General Fund and the Enterprise Funds.

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

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

<u>Fund Balances</u> - In the governmental fund financial statements, fund balances are classified as follows:

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

Assigned - Amounts are not available for appropriation but are set aside for a specific purpose. The assigned fund balances in the District's General Fund are for various accounts and smaller projects that are not able to be accounted for in other governmental funds, but are tracked separately.

Unassigned - All amounts not included in the preceding classifications.

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

Net position restricted through enabling legislation includes \$309,748 for student activities, \$2,099,392 for school infrastructure, \$531,167 for management levy purposes and \$1,263,472 for Physical Plant and Equipment.

E. Budgets and Budgetary Accounting

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

F. Estimates

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

Note 2. Cash, Cash Equivalents and Pooled Investments

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

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

At June 30, 2022, the District had no investments in the Iowa Schools Joint Investment Trust Diversified Portfolio. There were no limitations or restrictions on withdrawal of the ISJIT investments. The investments in the Iowa Schools Joint Investment Trust were rated AAAm by Standard & Poor's Financial Services.

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

Note 3. Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor Enterprise	Governmental	
School Nutrition Fund	General Fund	\$ 350

The General Fund owes the School Nutrition Fund for milk breaks deposited by RevTrack into the General Fund. The balance is expected to be repaid during the year ending June 30, 2023.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ending June 30, 2022 are as follows:

Transfer to	Transfer from	Amount
Nonmajor Special Revenue	Major Governmental	
Student Activity Fund	General Fund	\$ 12,398
Major Governmental	Nonmajor Capital Projects	
Debt Service	Statewide Sales, Services and Use Tax Fund	1,120,251
		\$ 1,132,649

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

Note 5. Capital Assets

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

		Restated,						
		Balance						Balance,
		Beginning						End of
Governmental activities		of Year	1	ncreases	Decreases		Year	
Capital assets not being depreciated/amortized:								
Land	\$	1,047,404	\$	-	\$		\$	1,047,404
Capital assets being depreciated/amortized:								
Buildings and improvements		65,977,609		31,301		2		66,008,910
Improvements other than buildings		6,174,285		19,120		-		6,193,405
Furniture and equipment		3,041,731		213,536	(7	0,388)		3,184,879
Right-to-use leased equipment		88,523		-				88,523
Total capital assets being depreciated/amortized		75,282,148	_	263,957	(7	0,388)		75,475,717

Doctotod

And the second state of th	and the same of the stand of the same	Annual State of the second	~
Less accumulated	depreciation	amortization	tor

Buildings and improvements		13,733,818		1,497,762		7		15,231,580
Improvements other than buildings		3,055,546		296,298		÷		3,351,844
Furniture and equipment		2,514,321		172,060		(70,388)		2,615,993
Right-to-use leased equipment	_			24,603				24,603
Total accumulated depreciation/amortization		19,303,685	-	1,990,723	-	(70,388)	_	21,224,020
Total capital assets being depreciated/amortized, net		55,978,463		(1,726,766)	_	- 8		54,251,697
Governmental activities capital assets, net	\$	57,025,867	\$	(1,726,766)	\$	_	\$	55,299,101
Business type activities								
Furniture and equipment	\$	472,635	\$	48,172	\$	(8,255)	\$	512,552
Less accumulated depreciation		273,141		28,609		(8,255)		293,495
Business type activities capital assets, net	\$	199,494	\$	19,563	\$	-	\$	219,057

Depreciation/Amortization expense was charged to the following functions:

Governmental ac	ctivities
-----------------	-----------

GOVER HITTERIAL ACTIVITIES		
Instruction		
Regular	\$	14,245
Special		794
Other		11,313
Support services		
Student support		24,603
Instructional staff support		795
Administration		3,742
Operation and maintenance of plant		25,064
Transportation		116,107
		196,663
Unallocated depreciation/amortization	1	,794,060
Total governmental activities depreciation/amortization expense	\$ 1	.990,723
Business type activities		
Food services	\$	28,609

Note 6. Long-term Liabilities

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

	Balance, Beginning of Year as restated	Additions		R	eductions	Balance, End of Year	Due Within One Year
Governmental activities							
General obligation bonds	\$ 20,940,000	\$	-	\$	1,140,000	\$ 19,800,000	\$ 1,170,000
Revenue bonds	9,449,000		4		894,000	8,555,000	914,000
Lease agreements	88,523		÷		24,021	64,502	28,797

Termination benefits		59,938				59,938		11.2		121
Compensated absences		26,664		41,704				68,368		
Net pension liability		8,467,918		(-		8,325,231		142,687		-
Total OPEB liability		686,595				274,871		411,724	2	1,322
Totals	\$ 3	39,718,638	\$	41,704	\$ 1	0,718,061	\$ 29	9,042,281	\$ 2,13	4,119
Business type activities										
Net pension liability	\$	369,612	\$	1-	\$	363,597	\$	6,015	\$	W.1
Total OPEB liability		28,537	_			11,180		17,357		
Totals	\$	398,149	\$		\$	374,777	\$	23,372	\$	-

Interest costs incurred and charged to expense on all long-term debt was \$793,489 for the year ended June 30, 2022. During the year ended June 30, 2022, the District made principal payments on total long-term debt of \$2,058,021.

<u>Lease Agreements</u> - On January 8, 2020, the District entered into a lease agreement for copiers. An initial lease liability was recorded in the amount of \$10,970 per Accounting Change/Restatement Note 15. The agreement requires monthly payments of \$265 over 5 years with an implicit interest rate of 2.15% and final payment due January 15, 2025. During the year ended June 30, 2022, principal and interest paid were \$2,977 and \$207, respectively.

On May 20, 2021, the District entered into a lease agreement for copiers. An initial lease liability was recorded in the amount of \$77,553 per Accounting Change/Restatement Note 15. The agreement requires monthly payments of \$2,226 over 3 years with an implicit interest rate of 2.15% and final payment due August 15, 2024. During the year ended June 30, 2022, principal and interest paid were \$21,044 and \$1,220, respectively.

Year	Copier Lease dated January 8, 2020					Year	Copier Lease dated May 20, 2021					
Ending	Interest					Ending	Interest					
June 30.	Rates	Principal	Int	erest	Total	June 30,	Rates	Principal	Interest	Total		
2023	2.15%	\$ 3,042	\$	142	\$ 3,184	2023	2.15%	\$ 25,755	\$ 962	\$ 26,717		
2024	2.15%	3,108		76	3,184	2024	2.15%	26,314	403	26,717		
2025	2.15%	1,842		13	1,855	2025	2.15%	4.441	12	4.453		
Totals		\$ 7.992	\$	231	\$ 8.223	Totals		\$ 56,510	\$ 1,377	\$ 57.887		

Year			
Ending	-	Total	
June 30,	Principal	Interest	Total
2023	\$ 28,797	\$ 1,104	\$ 29,901
2024	29,422	479	29,901
2025	6.283	25	6.308
Totals	\$ 64.502	\$ 1,608	\$ 66,110

General Obligation Bonds Payable

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

Year		Bond Issue of	December 22, 2	2014	Year		Bond Issue	of June 4, 201:	5
Ending	Interest				Ending	Interest			
June 30.	Rates	Principal	Interest	Total	June 30.	Rates	Principal	Interest	Total
2023	3.00%	\$ 535,000	\$ 239,312	\$ 774,312	2023	3.00%	\$ 420,000	\$ 217,350	\$ 637,350
2024	3.00%	550,000	223,262	773,262	2024	3.00%	435,000	204,750	639,750
2025	3.00%	565,000	206,763	771,763	2025	3.00%	450,000	191,700	641,700
2026	3.00%	585,000	189,813	774,813	2026	3.00%	455,000	178,200	633,200
2027	3.00%	600,000	172,263	772.263	2027	3.00%	460,000	164,550	624,550
2028-2032	3.0-3.25%	3,295,000	567.663	3,862,663	2028-2032	3.00%	2,520,000	606,300	3,126,300
2033-2034	3.25%	1,475,000	72,312	1,547,312	2032-2035	3.00%	2.505,000	175.500	2,680,500
Totals		\$ 7,605,000	\$ 1,671,388	\$ 9,276,388	Totals		\$ 7,245,000	\$ 1,738,350	\$ 8,983,350
Year		Bond Issue	of June 1, 2016	·	Year				
Ending	Interest				Ending			Total	
June 30,	Rates	Principal	<u>Interest</u>	Total	June 30,		Principal	Interest	Total
2023	1.25%	\$ 215,000	\$ 120,200	\$ 335,200	2023		\$ 1,170,000	\$ 576,862	\$ 1,746,862
2024	2.00%	220,000	117,513	337,513	2024		1,205,000	545,525	1,750,525
2025	2.00%	225,000	113,113	338,113	2025		1,240,000	511,576	1.751,576
2026	2.00%	235,000	108,613	343,613	2026		1,275,000	476,626	1,751,626
2027	2.25%	255,000	103,913	358,913	2027		1,315,000	440,726	1,755,726
2028-2032	2.25-2.5%	1,390,000	428,125	1,818,125	2028-2032		7,205,000	1,602,088	8,807,088
2033-2036	2.75%	2,410,000	213,161	2,623,161	2033-2036		6,390,000	460,973	6,850,973
Totals		\$ 4,950,000	\$ 1,204.638	\$ 6,154,638	Totals		\$ 19.800,000	\$ 4.614.376	\$ 24.414,376

During the years ended June 30, 2018, June 30, 2019 and June 30, 2020, the District approved an additional debt service levy to advance refund \$110,000 (2018), \$170,000 (2019) and \$260,000 (2020) in principal of the December 22, 2014 general obligation bond issuance when the bonds become callable. The additional amount of the debt services tax levy total \$540,000, which has been placed in an irrevocable escrow account and has been invested in U.S. Treasury, State and Local Government Series (SLG) and certified sufficient to pay \$540,000 in principal of the May 1, 2024. The District remains contingently liable in the remote possibility the account is insufficient to repay the refunding bonds.

Revenue Bonds Payable

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

Year		I	Bond Issue o	of Ap	ril 26. 2017	1	Year Bond Issue of March 30, 201				17			
Ending		Interes	t.				-	Ending	I	nteres	it			
June 30,	Rates	Pri	ncipal	In	iterest		Total	June 30,	Rates	Pr	incipal	Interest	ar	Γotal
2023	2.42%	\$	579,000	\$	183,618	\$	762,618	2023	2.01%	S	335,000	\$ 10,261	\$	345.261
2024	2.42%		592,000		169,448		761,448	2024	2.01%		343,000	3,447		346,447
2025	2.42%		956,000		162,285		1,118,285				-	- 3		-
2026	2.42%		980,000		139,150		1,119,150				-	-		
2027	2.42%		1,003,000		115,434		1,118,434				1	-		_
2028-2031	2.42%		3,767.000	_	205,700	-	3,972.700				-			
Tota	Is	S	7,877,000	\$	975,635	S	8,852,635	Tot	als	\$	678,000	\$ 13,708	\$	691,708

Year						
Ending			5	Γotal		
June 30,	Pri	incipal	In	iterest		Total
2023	\$	914,000	\$	193,879	\$	1,107,879
2024		935,000		172,895		1,107,895
2025		956,000		162.285		1,118,285
2026		980,000		139,150		1,119,150
2027		1,003,000		115,434		1,118,434
2028-2031		3,767,000		205,700	2	3,972,700
Totals	\$	8,555,000	S	989,343	\$	9,544,343

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,938,000 of bonds issued on March 30, 2017 and \$10,000,000 of bonds issued on April 26, 2017. The bonds were issued for the purpose of refinancing a prior bond issue and financing construction of the fourth attendance center (intermediate 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 2031. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 65% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$9,544,343. For the current year, \$894,000 of principal and \$214,402 of interest was paid on the bonds and the total statewide sales, services and use tax revenues were \$1,700,215.

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

- a) There are no reserve requirements associated with the bond issuances.
- b) 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.
- c) 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.

Note 7. Pension Plan

<u>Plan Description</u> - 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.

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

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

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

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

<u>Disability and Death Benefits</u> - 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.

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

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

The District's contributions to IPERS for the year ended June 30, 2022 totaled \$962,246.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of \$148,702 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the District's proportion was 0.106071%, which was a decrease of 0.020618 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$1,527,712. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Γ	eferred	Ε	Deferred
	Ou	tflows of	In	flows of
	Re	esources	R	esources
Differences between expected and actual experience	\$	113,142	\$	113,601
Changes of assumptions		97,264		-
Net difference between projected and actual				
earnings on IPERS' investments		4	2	5,387,724
Changes in proportion and differences between District				
contributions and the District's proportionate share of contributions		116,431	d	1,559,649
District contributions subsequent to the measurement date	_1	,088,203	100	
Total	\$ 1	,415,040	\$ 7	7,060,974

\$1,088,2030 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
Ending	
June 30,	<u>Amount</u>
2023	\$ (1,626,545)
2024	(1,665,039)
2025	(1,586,764)
2026	(1,772,384)
2027	(83,405)
Total	\$ (6,734,137)

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

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

<u>Discount Rate</u> - 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.

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

	1%	Discount	1%
	Decrease	Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
District's proportionate share of			
the net pension liability	\$5,263,059	\$148,702	\$(4,137,454)

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

<u>Payables to IPERS</u> - At June 30, 2022, the District reported no payables to the defined benefit pension plan for legally required District or employee contributions which had been withheld from employee wages which had not yet been remitted to IPERS.

Note 8. Other Postemployment Benefits (OPEB)

<u>Plan Description</u> - 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.

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

Retired participants must be age 55 or older at retirement. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments

Active employees

Total

3

187

190

<u>Total OPEB Liability</u> - The District's total OPEB liability of \$429,081 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

<u>Actuarial Assumptions</u> - The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation
(effective June 30, 2022)

Rates of salary increase
(effective June 30, 2022)

Discount rate
(effective June 30, 2022)

Healthcare cost trend rate
(effective June 30, 2022)

Healthcare cost trend rate
(effective June 30, 2022)

Rates of inflation
3.00% per annum,
including inflation.

1.92 % compounded annually,
including inflation.

6.7% initial rate decreasing by varying
amounts to an ultimate rate of 3.7%

<u>Discount Rate</u> - The discount rate used to measure the total OPEB liability was 1.92% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 mortality tables with projected mortality improvements based on scale MP-2017, and other adjustments. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

Total OPEB Liability	
\$ 715,132	
68,574	
18,939	
(193,296)	
(158,936)	
(21,332)	
(286,051)	
\$ 429,081	
	OPEB Liability \$ 715,132 68,574 18,939 (193,296) (158,936) (21,332) (286,051)

Changes of assumptions reflect a change in the discount rate from 2.45% in fiscal year 2021 to 1.92% in fiscal year 2022.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (0.92%) or 1% higher (2.92%) than the current discount rate.

	1% Decrease	Discount Rate	1% Increase
	(0.92%)	(1.92%)	(2.92%)
Total OPEB liability	\$461,528	\$429,081	\$397,982

<u>Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates</u> The following presents the total OPEB liability of the District as what the District's total OPEB liability would be it were calculated using healthcare cost trend rates that are 1% lower (5.7%) or 1% higher (7.7%) than the current healthcare cost trend rates.

	1% Decrease	Healthcare Cost Trend	1% Increase
	(5.7%)	Rate (6.7%)	(7.7%)
Total OPEB liability	\$377,258	\$429,081	\$490,538

<u>OPEB Expense and Deferred Outflows of Resources Related to OPEB</u> - For the year ended June 30, 2022, the District recognized OPEB expense of \$286,051. At June 30, 2022 the District reported no deferred inflows/outflows of resources related to OPEB.

Note 9. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered

by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$652,743 for the year ended June 30, 2022 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Contingencies

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

Note 12. Categorical Funding

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

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

Program	
Gifted and Talented	\$ 78,879
Returning dropout and dropout prevention program	16,112
Teacher leadership	127,742
Four-year Old Preschool State Aid	196,709
Early literacy	41,143
Educator quality, professional development	48,422
Work-based learning	132
	\$ 509,139

Note 13. Deficit Balances

The District had a \$1,377,436 negative unrestricted net position in the governmental activities at June 30, 2022.

Note 14. Tax Abatements

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

Tax Abatements of Other Entities

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

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2022 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated	
City of Solon	Economic Development Projects	\$7,303	
City of Solon	Urban Revitalization	\$453	

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2022, this reimbursement amounted to \$3,489.

Note 15. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 87, <u>Leases</u>, was implemented during fiscal year 2022. The new requirements require the reporting of certain lease liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	Capital Assets	Liabilities Lease
Balances June 30, 2021, as previously reported	\$ 56,937,344	Agreements \$ -
Changes to implement GASB Statement No. 87	88,523	88,523
Balances July 1, 2021, as restated	\$ 57,025,867	\$ 88,523

Note 16. Subsequent Events

The District has evaluated subsequent events through February 15, 2023 which is the date that the financial statements were available to be issued.

Required Supplementary Information

SOLON COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual All Governmental Funds and Proprietary Funds Required Supplementary Information

Required Supplementary Information For the Year Ended June 30, 2022

	Governmental	Proprietary				Final to
	Funds	Funds	Total	Budgetec	Budgeted Amounts	Actual
	Actual	Actual	Actual	Original	Final	Variance
Revenues						
Local sources	\$10,572,914	\$ 574,599	\$11,147,513	\$11,568,613	\$11,568,613	\$ (421,100)
State sources	10,805,310	6,267	10,811,577	10,651,449	10,651,449	160 128
Federal sources	571,314	1,193,609	1,764,923	525,000	525,000	1,239,923
Total revenues	21,949,538	1,774,475	23,724,013	22,745,062	22,745,062	978,951
Expenditures/Expenses						
Instruction	10,570,128	70,135	10,640,263	11,560,000	11,785,000	1.144.737
Support services	5,911,418	38,400	5,949,818	6,895,500	6,995,500	1,045,682
Non-instructional programs	ľ	896,333	896,333	1,125,000	1.380,000	483,667
Other expenditures	4,057,476	•	4,057,476	4,730,700	5,140,700	1,083,224
Total expenditures/expenses	20,539,022	1,004,868	21,543,890	24,311,200	25,301,200	3,757,310
Change in fund balance	1,410,516	769,607	2,180,123	(1,566,138)	(2,556,138)	4,736,261
Balance, beginning of year	9,129,272	823,328	9,952,600	7,790,845	7,790,845	2,161,755
Balance, end of year	\$10,539,788	\$1,592,935	\$12,132,723	\$ 6,224,707	\$ 5,234,707	\$6,898,016

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

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$990,000.

SOLON COMMUNITY SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
lowa Public Employees' Retirement System
For the Last Eight Years*

For the Last Eight Years* Required Supplementary Information

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.106071%	0.126689%	0.139371%	0.136306%	0.135339%	0.126193%	0.123979%	0.118955%
District's proportionate share of the net pension liability	\$ 148,702	\$ 8.837.530	\$ 8,124,712	\$ 8,623,072	148,702 \$ 8,837,530 \$ 8,124,712 \$ 8,623,072 \$ 8,934,643 \$ 7,941,727 \$ 6,125,179 \$4,717,652	\$ 7,941,727	\$ 6,125,179	\$4,717,652
District's covered payroll	\$ 9,951,769	\$ 9,983,268	\$10,677,908	\$10,240,547	9,951,769 \$ 9,983,268 \$10,677,908 \$10,240,547 \$10,012,027 \$ 9,056,075 \$ 8,493,710 \$7,783,919	\$ 9,056,075	\$ 8,493,710	\$7,783,919
District's proportionate share of the net pension liability as a percentage of its covered payroll	1.49%	88.52%	76.09%	84.21%	89.24%	87.70%	72.11%	60.61%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

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

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

	2022	22	2021		2020	2019	2018	509	2017	2016	2015	2014	2013
Statutorily required contribution	96 \$	2,246	962,246 \$ 939,447	S	942,421	\$ 1,007,995	942,421 \$ 1,007,995 \$ 838,783 \$ 894,074 \$ 808,708 \$ 758,488 \$ 695,104 \$ 636,632	69	894,074	\$ 808,708	\$ 758,488	\$ 695,104	\$ 636,632
Contributions in relation to the statutorily required contribution	96)	(2,246)	(962,246) (939,447)		(942,421)	(942,421) (1,007,995)	(838,783)		(894,074)	(808,708)	(758,488)	(894,074) (808,708) (758,488) (695,104) (636,632)	(636,632)
Contribution deficiency (excess)	64	, [65	↔	r	8	8	65	1	69	∞	1 50	\$
District's covered payroll	\$10,19	3,288	10,193,288 \$ 9,951,769	€	,983,268	\$ 10,677,908	9,983,268 \$10,677,908 \$10,240,547 \$10,012,027 \$9,056,075 \$8,493,710 \$7,783,919 \$7,342,930	\$ 10	,012,027	\$9,056,075	\$ 8,493,710	\$ 7,783,919	\$7,342,930
Contributions as a percentage of covered payroll		9.44%	9.44%	νο.	9.44%	9.44%	8.19%		8.93%	8.93%	8.93%	8.93%	8.67%

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

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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

		2022	2021		2020	2019	2018
Service cost	\$	68,574	\$ 58,088	\$	48.064	\$ 49,805	\$ 52.087
Interest cost		18,939	20,940		22,275	21,934	17,381
Difference between expected and							
actual experiences		(193, 296)			118,606	(50,383)	(30,821)
Change in assumptions		(158.936)	37,944		(122,916)	-	
Recognition of deferred outflows/inflows		4				-	4
Benefit payments	100	(21,332)	(25,503)	ш	(19,254)	(21,558)	(9,412)
Net change in total OPEB liability		(286,051)	91.469		46,775	(202)	29,235
Total OPEB liability beginning of year		715,132	623,663		576,888	577,090	547,855
Total OPEB liability end of year	\$	429,081	\$ 715,132	\$	623,663	\$ 576,888	\$ 577,090
Covered-employee payroll	\$	9.995,477	\$ 9,725,666	\$	9,711,745	\$ 10,848,984	\$ 9,366,725
Total OPEB liability as a percentage							
of covered-employee payroll		4.29%	7.35%		6.42%	5.32%	6.16%

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

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Changed mortality assumptions to the SOA Public Plan 2010 tables.

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

Year ended June 30, 2022	1.92%
Year ended June 30, 2021	2.45%
Year ended June 30, 2020	3.13%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.56%
Year ended June 30, 2017	2.92%

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

Supplementary Information

Schedule 1

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2022

	,		Capital	
			Projects	
	Specia	l Revenue	Statewide	
	Student	Managem	ent Sales, Services	
	Activity	Levy	and Use Tax	<u>Total</u>
Assets				
Cash, cash equivalents and pooled investments	\$320,755	\$ 515,6	52 \$1,979,846	\$2,816,253
Receivables				
Property tax				
Delinquent	0-1	3,0	- 60	3,060
Succeeding year	-	690,9	99 -	690,999
Accounts receivable	9,486		A P	9,486
Due from other governments		12,4	55 119,546	132,001
Total assets	\$330,241	\$ 1,222,1	<u>\$2,099,392</u>	\$3,651,799
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 19,034	\$	- \$	\$ 19,034
Salaries and benefits payable	1,459			1,459
Total liabilities	20,493			20,493
Deferred inflows of resources				
Unavailable revenue				
Succeeding year property tax		690,99	99	690,999
Fund balances				
Restricted for				
Student activities	309,748		den en	309,748
Management levy purposes	-	531,10	67 -	531,167
School infrastructure	-	1000000	- 2,099,392	2,099,392
Total fund balances	309,748	531,10	2,099,392	2,940,307
Total liabilities, deferred inflows of resources	-			
and fund balances	\$330,241	\$ 1,222,16	<u>\$2,099,392</u>	\$3,651,799

Schedule 2

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

			Capital Projects	
		Revenue	Statewide	
D	Student	Management	Sales, Services	Lak
Revenues	Activity	Levy	and Use Tax	Total
Local sources				
Local taxes	\$ -	\$ 413,293	\$ -	\$ 413,293
Other	456,733	13,361	5,881	475,975
State sources		2,586	1,700,215	1,702,801
Total revenues	456,733	429,240	1,706,096	2,592,069
Expenditures				
Current				
Instruction				
Other	395,666			395,666
Support services				
Administration	- E	69,307	7-1	69,307
Operation and maintenance of plant	15,942	283,180	-	299,122
Transportation	-	27,143	-	27,143
Total support services	15,942	379,630		395,572
Other expenditures				
Facilities acquisition		-	10,000	10,000
Total expenditures	411,608	379,630	10,000	801,238
Excess of revenues over expenditures	45,125	49,610	1,696,096	1,790,831
Other financing sources (uses)				
Interfund operating transfers in	12,398			12,398
Interfund operating transfers (out)		ă.	(1,120,251)	(1,120,251)
Total other financing sources (uses)	12,398		(1,120,251)	(1,107,853)
Change in fund balances	57,523	49,610	575,845	682,978
Fund balances, beginning of year	252,225	481,557	1,523,547	2,257,329
Fund balances, end of year	\$ 309,748	\$ 531,167	\$ 2,099,392	\$2,940,307

Schedule 3

Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2022

		Before & After			
	School	School	Preschool	Spart	
	Nutrition	Program	Program	Mart	Total
Assets					
Current assets					
Cash and cash equivalents	\$1,120,088	\$424,995	\$183,612	\$2,914	\$1,731,609
Accounts receivable Due from other funds	624 350	8,982			9,606 350
Due from other governments	2,362	<u> </u>	1.4	14	2,362
Inventories	14,080	- 12			14,080
Total current assets	1,137,504	433,977	183,612	2,914	1,758,007
Noncurrent assets					
Capital assets, net of accumulated depreciation	219,057	jų.	15	, 4	219,057
Total assets	1,356,561	433,977	183,612	2,914	1,977,064
Deferred Outflows of Resources Pension related deferred outflows	30,003	21,819	7,978		59,800
Liabilities					
Current liabilities Accounts payable	1,939	8,437	á	4	10,376
Salaries and benefits payable	13,108	29,696		1.9	42,804
Unearned revenue	43,328	35,140			78,468
Total current liabilities	58,375	73,273			131,648
Noncurrent liabilities					
Net pension liability	2,986	2,259	770	-	6,015
Total OPEB liability	8,616	6,518	2,223		17,357
Total noncurrent liabilities	11,602	8,777	2,993		23,372
Total liabilities	69,977	82,050	2,993		155,020
Deferred Inflows of Resources Pension related deferred inflows	143,828	107,673	37,408	<u> </u>	288,909
Net Position					
Investment in capital assets	219,057	4	1.0		219,057
Unrestricted	953,702	266,073	151,189	2,914	1,373,878
Total net position	\$1,172,759	\$266,073	\$151,189	\$2,914	\$1,592,935

Schedule 4

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds

For the Year Ended June 30, 2022

Operating revenue	School Nutrition	Before & After School Program	Preschool <u>Program</u>	Spart <u>Mart</u>	Total
Local sources Charges for service	\$ 107,815	\$348,137	\$ 117,292	\$ -	\$ 573,244
Operating expenses	3 1511,515	40.10,101	4 211,222	4	<i>\$ 515,211</i>
Instruction					
Regular					
Salaries	2	- 01	55,761	2	55,761
Benefits	-	10	11,917	100	11,917
Supplies		9	2,457	2	2,457
334.		3. 2.	70,135		70,135
Support services Administration			1		
Purchased services		17 000	2.000		20 (01
Miscellaneous	-5	17,802 150	2,889	-	20,691 150
Miscenaneous			2,000		
Operation & maintenance		17,952	2,889	-	20,841
of plant					
Purchased services Transportation	16,289	÷	-	-	16,289
Purchased services	- 2	1,270	_	12	1,270
Total support services expenses	16,289	19,222	2,889	9.	38,400
Non-instructional programs					
Food service operations					
Salaries	223,510		2.7	1	223,511
Benefits	(20,023)	1	2	-	(20,023)
Purchased services	53		2		53
Supplies	485,200	324	12.	_	485,524
Depreciation	28,609	-	-	4	28,609
	717,349	324	2	1	717,674
Community service operations					
Salaries	1 A	188,570		4	188,570
Benefits		(61,645)	-	4.0	(61,645)
Purchased services	10 E	10,389	-	1-0	10,389
Supplies	100	35,972		20	35,972
Miscellaneous	72	5,373		-	5,373
	-	178,659		-	178,659
Total non-instructional programs	717,349	178,983	4	1	896,333
Total operating expenses	733,638	198,205	73,024	1	1,004,868

Schedule 4

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds For the Year Ended June 30, 2022

		Before & After			
	School Nutrition	School Program	Preschool Program	Spart <u>Mart</u>	<u>Total</u>
Operating income (loss)	\$ (625,823)	\$149,932	\$ 44,268	<u>\$ (1)</u>	\$ (431,624)
Non-operating revenue					
Interest income	828	343	184	9.	1,355
State sources	6,267	54)	-	-	6,267
Federal sources	1,166,662	26,947	4.5		1,193,609
Total non-operating revenue	1,173,757	27,290	184		1,201,231
Change in net position	547,934	177,222	44,452	(1)	769,607
Net position, beginning of year	624,825	88,851	106,737	2,915	823,328
Net position, end of year	\$1,172,759	\$266,073	\$ 151,189	\$2,914	\$1,592,935

Schedule 5

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended June 30, 2022

	School Nutrition	Before & After School Program	Preschool Program	Spart Mart	Total
Cash flows from operating activities		2		22342	1044
Cash received from sale of services	\$ 101,933	\$402,414	\$117,292	\$ -	\$ 621,639
Cash payments to employees for services	(318,193)	(227,899)	(87,076)		(633,168)
Cash payments to suppliers for goods and services	(428,692)	(68,016)	(5,385)	(1)	(502,094)
Net cash provided by (used by) operating activities	(644,952)	106,499	24,831	(1)	(513,623)
Cash flows from non-capital financing activities		-			
State grants received	6,267			-	6,267
Federal grants received	1,177,406	8,047	-	-	1,185,453
Net cash provided by non-capital financing activities	1,183,673	8,047	-		1,191,720
Cash flows from capital and related financing activities					
Acquisition of capital assets	(48,172)	- T	- <u>-</u>	4	(48,172)
Cash flows from investing activities					
Interest on investments	828	343	184	-	1,355
Net increase (decrease) in cash and cash equivalents	491,377	114,889	25,015	(1)	631,280
Cash and cash equivalents, beginning of year	628,711	310,106	158,597	2,915	1,100,329
Cash and cash equivalents, end of year	\$1,120,088	\$424,995	\$183,612	\$2,914	\$1,731,609
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities					
Operating income (loss)	\$ (625,823)	\$149,932	\$ 44,268	\$ (1)	\$ (431,624)
Adjustments to reconcile operating income (loss) to net			W - 17-4-17-1		
cash provided by (used by) operating activities					
Depreciation	28,609	-	-		28,609
Commodities used	89,306	360	4	40	89,306
Change in assets and liabilities:					21722
Accounts receivable	(373)	19,137	122	(-)-	18,764
Inventories	(4,585)			4	(4,585)
Due from other funds	(350)	3		100	(350)
Deferred outflows of resources	32,567	32,758	3,726	-	69,051
Accounts payable	(11,924)	3,114	(39)	4	(8,849)
Salaries and benefits payable	(10,410)	(4,556)	(6,431)		(21,397)
Unearned revenue	(5,509)	35,140	4	12	29,631
Net pension liability	(174,784)	(156,349)	(32,464)	4	(363,597)
Total OPEB liability	(6,524)	(4,519)	(137)	45	(11,180)
Deferred inflows of resources	44,848	31,842	15,908		92,598
Net cash provided by (used by) operating activities	\$ (644,952)	\$106,499	\$ 24,831	\$ (1)	\$ (513,623)

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2022, the District received \$89,306 of federal commodities.

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

Account	Be	alance, ginning f Year	Rev	enues /	Exp	enditures		-Fund	E	alance, and of Year
District-wide										
Registration	\$	3,506	\$	165	\$	958	\$		\$	2,713
Petty cash	Ψ	43	Ф	-	Ψ	-	Φ	1	Ф	43
District-wide activities		879		336		-		-		1,215
Total District-wide		4,428		501		958		-		3,971
Lakeview Elementary										
Lakeview activities		1,255		- 2						1,255
Total Lakeview Elementary		1,255		<u> </u>		-				1,255
Middle School										
MS drama		2,670		1		64		1.2,		2,670
MS yearbook		2,685		160		18		_		2,827
MS art club		472				F 4				472
MS band resale		2,008		568		1,201				1,375
MS activities		5,056		205		200		_		5,061
MS recycling		426		-		200				426
MS student council		1,481								1,481
MS vocal music		479								479
MS cheerleading		5,818				-				5,818
MS dance team		941				- 12				941
Total Middle School		22,036		933		1,419				21,550
High School										
Drama		19,534	2	9,358		28,339		-	3	20,553
HS yearbook		13,491		2,190		1,175		-		14,506
Art club/Fine arts		10,028	(6,737		1,397		-		15,368
Speech		2,240		632		50		-		2,822
All athletics		39,553	210	0,708	1	73,844	(5	,000)		71,417
Athletic supervision		1,155		2.30		451		-		704
Cross county		5,658		1,365		3,634				3,389
Boys basketball		5,716		3,232		5,467		-		3,481
Football		3,004	-	2,600		4,929		-		675

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

	Balance, Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance, End of <u>Year</u>
Account (continued)					
High School (continued)	e 4001	e 924	0 1755	, ch	ф 2.4co
Boys soccer	\$ 4,281	\$ 834	\$ 1,655	\$ -	\$ 3,460
Baseball	9,652	50,367	35,758	-	24,261
Boys track	1,628	2,063	2,164	+	1,527
Boys golf	313	0.505	11.000	-	313
Wrestling	7,142	9,505	14,688	-	1,959
Girls basketball	2,019	1,504	2,009	4	1,514
Volleyball	3,525	14,950	15,164		3,311
Girls soccer	3,881	2	558	-	3,323
Softball	10,590	240	5,513	-	5,317
Girls track	3,856	400	1,963		2,293
Girls golf	84	219	-		303
High school activities	287	11.76	4		287
Concessions	22,152	42,821	38,556	-	26,417
HS robotics club	4,370	15,106	12,934	5,000	11,542
Trapshooting	200	-	45	-	200
Archery	11,347	13,692	17,680	1 2	7,359
Spanish club	1,687	3,662	1,939		3,410
Flag corps	1,891	4,206	933	144	5,164
HS student council	1,473	4,156	1,680	1. 2	3,949
National honor society	<u> </u>	1,238	392	2	846
Band	3,670	9,239	7,598	4	5,311
HS football cheerleading	1,283	9,195	4,936	1.4	5,542
Dance team	5,220	4			5,220
Vocal music	47	540	477	-	110
HS show choir	1,702	14,017	12,115	7-	3,604
Gay straight alliance	448		200		448
HS wrestling cheerleading	1,460	438	1,285		613
FBLA	5,540	5,016	4,133	-	6,423
Solon strong	1,219	289	1,408	2.	100
Best buddies	1,642		37		1,605
Sci-Fi Club	-	439	120		319
SSS	-	439	15		439
Senior class	3,292		9	4)	3,292
Junior class	8,226	6,300	4,250	4	10,276
Total High School	224,506	467,697	409,231		282,972
Total	\$ 252,225	\$ 469,131	\$ 411,608	\$ -	\$ 309,748

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

					Modified A	Modified Accrual Basis				
Revenues	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Local sources										
Local tax	\$ 9,332,696	\$ 8,828,331	\$ 8,621,385	\$ 8,208,960	\$ 8,050,641	\$ 7.624.477	\$ 6.951.497	\$ 6749547	£ 6 507 254	\$ 7431558
Tuition	552,957	627,054	948,832	1,130,871		1,408,708			1 253 759	
Other	687,261	653,523	724,943	868,943	887,844	816,289	675.587	673 782	660 614	649 582
State sources	10,805,310	10,260,173	10,102,063	9.553.831	9.165.131	8 997 400	8 986 658	8 163 774	7 893 977	6 387 130
Federal sources	571,314	521,439	321,754	383,328	351,490	363,057	405,508	306.888	314.128	440 496
Total revenues	\$21,949,538	\$20,890,520	\$20,718,977	\$20,145,933	\$19,766,031	\$19,209,931	\$18,384,070	\$17,157,628	\$16,629,682	\$15.874.412
Expenditures										
Current										
Instruction										
Regular	\$ 6,949,499	\$ 6,825,254	\$ 6,470,366	\$ 6,649,684	\$ 6,460,415	\$ 6.632.077	\$ 7.114.675	\$ 6.614.359	\$ 6132145	8 5 966 398
Special	1,579,768	1,483,579	1,617,736	1,685,807	1,606,549	1.657.873			1.475.413	
Other	2,040,861	1,987,423	2,021,675	2,230,687	2,109,069	1,839,072	1,495,991	1,460,281	1.391.176	1.154.990
Support services										2
Student	453,732	427,383	404,972	429,298	411,214	398,801	381,537	319,430	283.264	179,977
Instructional staff	913,671	905,917	945,971	985,740	875,068	809,566	409,922	468,560	441,957	371,000
Administration	1,670,753	1,527,957	1,581,416	1,558,250	1,473,077	1,551,531	1,595,292	1,637,759	1,423,805	1.337,163
Operation and maintenance	2,156,307	2,067,280	2,190,562	2,181,512	1,938,467	1,639,747	1,452,699	1,427,229	1,490,699	1.262.566
of plant										
Transportation	716,955	521,973	700,561	612,091	652,853	574,242	605,690	483,578	719,573	631.948
Other expenditures										
Facilities acquisition	548,031	690,390	378,592	854,175	14,718,103	13,703,803	14,614,552	2,002,721	1,022,580	2,092,522
Long-term debt										
Principal	2,034,000	2,034,000	1,995,000	1,875,000	1,095,000	6,238,000	1,605,000	1,340,000	1,390,000	1,705,000
Interest and other charge	822,702	868,823	909,264	947,745	893,381	996,539	859,433	230,454	260,234	276,514
AEA flowthrough	652,743	630,333	617,425	581,308	564,931	537,652	529,646	506,701	486,834	460,733
Total expenditures	\$20,539,022	\$19,970,312	\$19,833,540	\$20,591,297	\$32,798,127	\$36,578,903	\$32,301,467	\$18,166,767	\$16,517,680	\$16,746,891

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

Federal Grantor/Pass-through	Federal Assistance	Pass-through Entity Identifying	ı.
Grantor/Program or Cluster Title	Listing Number	Number	Expenditures
Indirect			
U.S. Department of Agriculture			
Passed through Iowa Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	FY22	\$ 162,323
National School Lunch Program COVID-19 - Summer Food Service Program for Children	10.555 10.559	FY22 FY22	919,289 84,050
Total Child Nutrition Cluster Child Nutrition Discretionary Grants Limited Availability	10.579	FY22	1,165,662 1,000
Total U.S. Department of Agriculture			1,166,662
U.S. Department of Education			
Passed through Iowa Department of Education			
Title I Grants to Local Education Agencies	84.010	FY22	32,465
Special Education Grants to States	84.027	FY22	9,134
Impact Aid - Juvenile Mentoring Program	84.041	FY22	83,094
Supporting Effective Instruction State Grants (Title IIA)	84.367	FY22	17,094
Student Support and Academic Enrichment Program (Title IV-A) Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act (CARES) Cluster	84.424	FY22	16,320
COVID-19 Elementary and Secondary School Emergency			
Relief II (ESSER III) Funds - Learning Loss COVID-19 Elementary and Secondary School Emergency	84.425U	FY22	6,484
Relief II (ESSER III) Funds COVID-19 Elementary and Secondary School Emergency	84.425U	FY22	107,024
Relief II (ESSER III) Funds - Teacher Retention Bonus	84.425U	FY22	103,344
Total Education Stabilization Fund Under CARES Cluster			216,852
Total Iowa Department of Education			374,959
Passed through Grant Wood Area Education Agency			
Special Education Grants to States Career and Technical Education - Basic Grants to States	84.027 84.048	FY22 FY22	59,205 9,483
Total passed through Grant Wood Area Education Agency			68,688
Total U.S. Department of Education			443,647
U.S. Department of Health and Human Services			
Passed through Iowa Department of Education			
Child Care Development Block Grant - Wrap-around Child Care	93.575	FY22	26,947
Total federal expenditures			\$ 1,637,256

^{*} includes \$89,306 of non-cash awards

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

Schedule 8

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

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

<u>Indirect Cost Rate</u> - Solon Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

<u>Subrecipients</u> - There were no awards passed through to subrecipents by Solon Community School District.

Kay L. Chapman, CPA PC

116 Harrison Street Muscatine, Iowa 52761 563-264-1385 kchapman@cpakay.com

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

To the Board of Education of Solon Community School District:

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

Report on Internal Control Over Financial Reporting

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

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

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

accompanying Schedule of Findings and Questioned Costs as item 2022-001 that I consider to be a material weakness.

Report on Compliance and Other Matters

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

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

Solon Community School District's Responses to the Findings

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

Purpose of this Report

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

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

Kay L. Chapman, CPA PC

Navy Chapman

February 15, 2023

Kay L. Chapman, CPA PC

116 Harrison Street Muscatine, Iowa 52761 563-264-1385 kchapman@cpakay.com

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

To the Board of Education of Solon Community School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

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

Kay L. Chapman, CPA PC

February 15, 2023

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2022

I. Summary of Independent Auditor's Results Financial Statements

r manciai Staten	ients			
Type of audito	or's report issued:	Unmodified		
Internal contro	ol over financial reporting:			
 Material w 	eakness(es) identified?	X Yes	No	
 Significant 	defiency(ies) identified?	Yes X	None reported	
 Noncompli 	ance material to financial statements noted?	Yes X		
Federal Awards				
Internal contro	ol over major programs:			
	eakness(es) identified?	X Yes	No	
	defiency(ies) identified?	Yes X		
Type of audito	or's report issued on compliance for major programs:	Unmodified		
 Any audit f 	findings disclosed that are required to be reported			
in accordar	nce with 2CFR 200.516(a)?	X_Yes	No	
Identification of	major program(s):			
FAL Number	Name of Federal Program or Cluster			
Child Nutrition	n Cluster			
10.553	School Breakfast Program			
10.555	National School Lunch Program			
10.555	National School Lunch Program - Commodities - Noncash			
10.559	COVID-19-Summer Food Service Program for Children			
Dollar threshold u	sed to distinguish between type A and type B programs:	\$750,000		
Auditee qualified	as low-risk auditee?	Yes X	No	

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

Part II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCY

MATERIAL WEAKNESS 2022-001 Segregation of Duties

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

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

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

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

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

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

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2022

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

INSTANCES OF NON-COMPLIANCE

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCY

FAL Number 10.553: School Breakfast Program

FAL Number 10.555: National School Lunch Program

FAL Number 10.555: National School Lunch Program – Noncash Commodities FAL Number 10.559: COVID-19 - Summer Food Service Program for Children

Pass-through Entity Identifying Number: N/A

Federal Award Year: 2022

Prior Year Finding Number: 2021-002

U.S. Department of Agriculture

Passed through the Iowa Department of Education

MATERIAL WEAKNESS 2022-002 Segregation of Duties

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

Part IV. Other Findings Related to Required Statutory Reporting

- 1. Certified Budget Expenditures for the year ended June 30, 2022 did not exceed the amounts budgeted.
- 2. Questionable Expenditures No expenditures were noted that I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2022

- Travel Expense No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- 4. Business Transactions No business transactions between the District and District officials or employees were noted.
- Restricted Donor Activity No transactions were noted between the District, District
 officials or District employees and restricted donors in compliance with Chapter 68B of
 the Code of Iowa.
- 6. Bond Coverage Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- 7. Board Minutes I noted no transactions requiring Board approval which had not been approved by the Board.
- 8. Certified Enrollment No variances in the basic enrollment data certified to the Iowa Department of Education was noted.
- 9. Supplementary Weighting Variances regarding the supplementary weighting certified to the Iowa Department of Education were noted. Weighted enrollment was overstated by .8 due to the District including concurrent classes that were not allowable for supplementary weighting.

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

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

Conclusion - Response accepted.

- 10. Deposits and Investments No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- 11. Certified Annual Reports The Certified Annual Report was certified timely to the Iowa Department of Education.
- 12. Categorical Funding No instances were noted of categorical funding being used to supplant rather than supplement other funds.

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2022

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

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

Beginning balance		\$ 1,523,547
Revenues		
Statewide sales, services and use tax	\$ 1,700,215	
Interest earned	5,881	1,706,096
Expenditures/transfers out		
School infrastructure		
Equipment	10,000	
Transfers to other fund		
Debt service fund	1,120,251	1,130,251
Ending balance		\$ 2,099,392

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

14. Deficit Net Position - The District's governmental activities had a negative unrestricted net position of \$1,377,436 at June 30, 2022.

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

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

Conclusion - Response accepted.

SOLON COMMUNITY SCHOOL DISTRICT Audit Staff June 30, 2022

This audit was performed by

Kay Chapman, CPA Terri Slater, staff accountant