Dallas Center - Grimes Community School District
Grimes, Iowa

Basic Financial Statements

June 30, 2026

Dallas Center - Grimes Community School District
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Dallas Center - Grimes Community School District
Board of Education and Administration
June 30, 2026

Board of Education	Position	Term Expires
Ryan Carpenter	President	2027
Monica Malmberg	Vice President	2029
Nancy Baker Curtis	Board Member	2027
Meg Dickinson	Board Member	2027
Nick Fiala	Board Member	2029
Julie Quandt	Board Member	2029
Shaylee Vander Velden	Board Member	2027

School Officials		
Dr. Scott Blum	Superintendent	2027
Michelle Wearmouth	Board Secretary/Treasurer and Business Manager	Indefinite
Ahler's Law Firm	Attorney	Indefinite

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Independent Auditor's Report

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

Report on Audit of the Basic Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Dallas Center – Grimes Community School District, Grimes, Iowa, as of and for the year ended June 30, 2026, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Dallas Center - Grimes Community School District, Grimes, Iowa, as of June 30, 2026, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Emphasis of Matter
The District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements
The management of Dallas Center - Grimes Community School District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter and Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



St. Cloud, Minnesota
October 19, 2026

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

Dallas Center-Grimes Community School District provides this management's discussion and analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2026. We encourage readers to consider this information in conjunction with the District's financial statements, which follow this narrative overview and analysis.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The government-wide financial statements consist of a statement of net position and a statement of activities. These provide information about the activities of Dallas Center-Grimes Community School District as a whole and present an overall view of the District's finances.

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

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

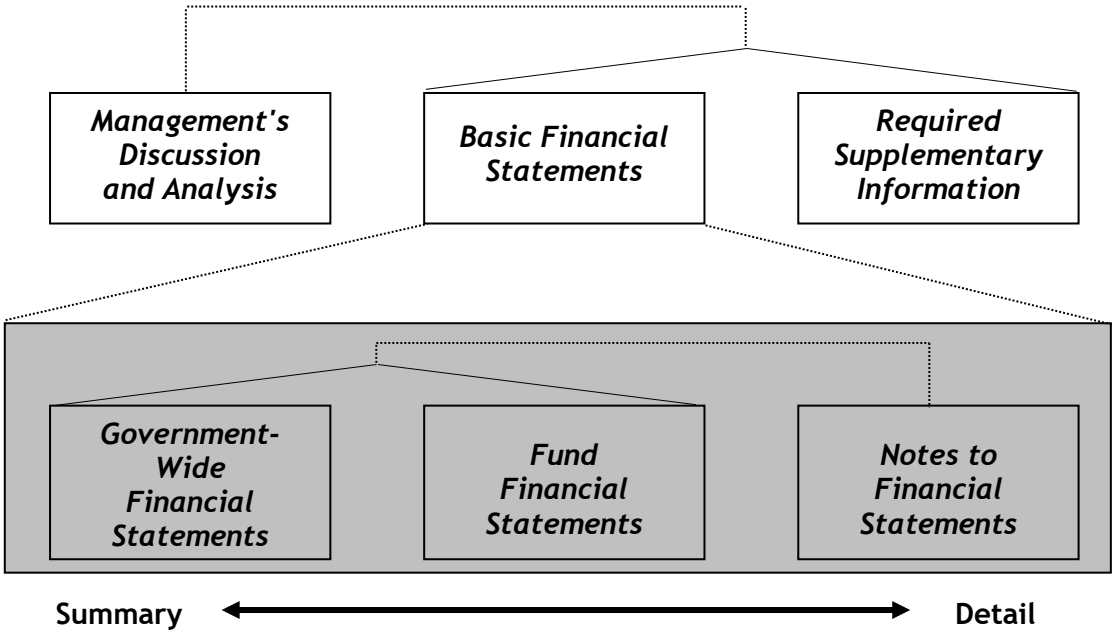
Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the schedule of changes in total OPEB liability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

Supplementary Information provides detailed information about the nonmajor governmental funds.

USING THIS ANNUAL REPORT (CONTINUED)

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

Figure A-1
Dallas Center-Grimes Community School District Annual Financial Report



USING THIS ANNUAL REPORT (CONTINUED)

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

Figure A-2
Major Features of the Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, student construction and student operated farm.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and custodial monies
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenue, expenditures and changes in fund balances	• Statement of net position • Statement of revenue expenses, and changes in fund net position • Statement of cash flows	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/inflow information	Consumption/ acquisition of net assets that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net assets that is applicable to a future reporting period	Consumption/ acquisition of net assets that is applicable to a future reporting period
Type of inflow/ outflow information	All revenue and expenses during year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

   The required financial statements for governmental funds include a balance sheet and a statement of revenue, expenditures, and changes in fund balances.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES (CONTINUED)

Fund Financial Statements (Continued)

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

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

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

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

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

   The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement of changes in fiduciary net position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position as of June 30, 2026, compared to June 30, 2025.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business- Type Activities		Total District		
	June 30,		June 30,		June 30,		Percent
	2026	2025	2026	2025	2026	2025	Change
Current and other assets	$ 166,783,193	$ 96,726,704	$ 1,447,042	$ 1,324,015	$ 168,230,235	$ 98,050,719	71.57%
Capital assets	116,994,780	114,715,226	190,815	231,021	117,185,595	114,946,247	1.95%
Total assets	283,777,973	211,441,930	1,637,857	1,555,036	285,415,830	212,996,966	34.00%
Deferred outflows of resources	4,576,133	4,588,983	-	-	4,576,133	4,588,983	-0.28%
Total assets and deferred outflows of resources	$ 288,354,106	$ 216,030,913	$ 1,637,857	$ 1,555,036	$ 289,991,963	$ 217,585,949	33.28%
Current liabilities	$ 13,508,445	$ 9,650,139	$ 401	$ -	$ 13,508,846	$ 9,650,139	39.99%
Long-term liabilities	130,832,846	77,525,337	-	-	130,832,846	77,525,337	68.76%
Total liabilities	144,341,291	87,175,476	401	-	144,341,692	87,175,476	65.58%
Deferred inflows of resources	34,107,395	30,798,226	-	-	34,107,395	30,798,226	10.74%
Net position							
Net investment in capital assets	42,733,275	45,951,604	190,815	231,021	42,924,090	46,182,625	-7.06%
Restricted	52,936,297	43,099,862	-	-	52,936,297	43,099,862	22.82%
Unrestricted	14,235,848	9,005,745	1,446,641	1,324,015	15,682,489	10,329,760	51.82%
Total net position	109,905,420	98,057,211	1,637,456	1,555,036	111,542,876	99,612,247	11.98%
Total liabilities, deferred inflows of resources, and net position	$ 288,354,106	$ 216,030,913	$ 1,637,857	$ 1,555,036	$ 289,991,963	$ 217,585,949	33.28%

The District's total net position increased 12.0%, or $11,930,629, from the prior year. The primary reason for the increase was positive fund operations in the District's funds, especially the capital project fund and debt service funds.

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

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 $9,836,435, or 22.8%, over the prior year due to increased debt service fund balances.

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 $5,352,729, or 51.8%. The increase in unrestricted net position was primarily a result of a decrease in the net pension liability due to changes in actuarial assumptions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Figure A-4 shows changes in net position for the year ended June 30, 2026, compared to year ended June 30, 2025.

Figure A-4
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total District		Percent
	2026	2025	2026	2025	2026	2025	Change
Revenues							
Program revenues							
Charges for services	$ 5,949,104	$ 6,451,333	$ 1,239,728	$ 1,258,659	$ 7,188,832	$ 7,709,992	-6.76%
Operating grants and contributions and restricted interest	7,855,942	7,666,639	822,085	806,299	8,678,027	8,472,938	2.42%
Capital grants and contributions and restricted interest	50,000	335,171	-	-	50,000	335,171	-85.08%
General revenues							
Property tax	29,652,879	29,652,326	-	-	29,652,879	29,652,326	0.00%
Statewide sales, services and use tax	4,849,100	4,631,402	-	-	4,849,100	4,631,402	4.70%
Unrestricted state grants	20,661,227	19,941,038	-	-	20,661,227	19,941,038	3.61%
Unrestricted investment earnings	2,253,050	2,001,325	42,865	54,681	2,295,915	2,056,006	11.67%
Other	120,565	-	-	-	120,565	-	N/A
Total revenues	71,391,867	70,679,234	2,104,678	2,119,639	73,496,545	72,798,873	0.96%
Program Expenses							
Instruction	33,035,862	32,824,653	-	-	33,035,862	32,824,653	0.64%
Support services	17,700,664	17,353,052	-	-	17,700,664	17,353,052	2.00%
Noninstructional programs	-	-	2,022,258	2,088,429	2,022,258	2,088,429	-3.17%
Other	8,807,132	7,873,599	-	-	8,807,132	7,873,599	11.86%
Total expenses	59,543,658	58,051,304	2,022,258	2,088,429	61,565,916	60,139,733	2.37%
Change in net position	11,848,209	12,627,930	82,420	31,210	11,930,629	12,659,140	-5.75%
Beginning of year net position	98,057,211	85,429,281	1,555,036	1,523,826	99,612,247	86,953,107	14.56%
End of year net position	$ 109,905,420	$ 98,057,211	$ 1,637,456	$ 1,555,036	$ 111,542,876	$ 99,612,247	11.98%

In fiscal year 2026, property tax, statewide sales, services and use tax and unrestricted state grants accounted for 77.3% of governmental activities revenue while charges for service and operating grants, other and unrestricted interest accounted for 100% of business-type activities revenue. The District's total revenue was approximately $73.5 million, approximately $71.4 million was for governmental activities and $2.1 million was for business-type activities.

As shown in Figure A-4, the District as a whole experienced a 1.0% increase in revenue and a 2.4% increase in expenses. The increase in revenues was due to increases in student counts and amount received per student. The increase in expenses is primarily due to increased salaries and wages.

Governmental Activities

Revenue for governmental activities was $71,391,867 and expenses were $59,543,658, which amounted to an increase in net position of $11,848,209 for the year ended June 30, 2026.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities (Continued)

The following table presents the total and net cost of the District's major governmental activities; instruction, support services, and other expenses for the year ended June 30, 2026, compared to the year ended June 30, 2025.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Service			Net Cost of Service		
	2026	2025	Percentage Change	2026	2025	Percentage Change
Instruction	$ 33,035,862	$ 32,824,653	0.64%	$ 21,306,130	$ 20,796,731	2.45%
Support Services	17,700,664	17,353,052	2.00%	18,713,078	16,980,090	10.21%
Other	8,807,132	7,873,599	11.86%	5,669,404	5,821,340	-2.61%
Total	$ 59,543,658	$ 58,051,304	2.57%	$ 45,688,612	$ 43,598,161	4.79%

For the year ended June 30, 2026:

- The cost financed by users of the District's programs was $5,949,104.
- Federal and state governments and private entities subsidized certain programs with grants and contributions totaling $7,905,942.
- The net cost of governmental activities was financed with $34,501,979 in property and other taxes, $20,661,227 in unrestricted state and federal grants, $2,253,050 in unrestricted investment earnings and $120,565 in other revenues.

Business-Type Activities

Revenue for business-type activities during the year ended June 30, 2026, was $2,104,678, representing a 0.7% decrease over the prior year due to a decreased amount of interest revenue, while expenses totaled $2,022,258, a 3.2% decrease over the prior year due to changes in the food service management contract. The District's business-type activities include the School Nutrition Fund, Student Construction Fund and Farm Account Fund. Revenue of these activities was comprised of charges for service, federal and state reimbursements and grants and investment earnings.

- Charges for service represent 58.9% of total revenue for fiscal year 2026. This represents the amount paid by students/staff for daily food service and farm sales.
- Federal and state operating grants, include reimbursements for meals, payments for free and reduced lunches, commodities provided to the District and other miscellaneous grants, totaled $822,085, or 39.1% of total revenue.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of $118,369,623, an increase of $64,425,048 from last year's ending fund balances of $53,944,575. The primary reason for the increase in combined fund balances at the end of fiscal year 2026 was due to debt issuances in the current year. Revenue increased from the prior year; $591,068, or 0.8% due to increased state grants received. Expenditures increased 8.3% due to increased capital expenditures.

Governmental Fund Highlights

The General Fund is the chief operating fund of the District. At the end of fiscal year 2026, unassigned fund balance of the General Fund was $9,110,664 while total fund balance decreased from $11,810,847 at the end of fiscal year 2025 to $11,628,268 at the end of fiscal year 2026.

The General Fund balance decreased by $182,579, or 1.5%, during the current fiscal year. The primary reasons for this decrease were fund operations.

The Debt Service Fund balance increased from $19,370,659 at the end of fiscal year 2025 to $22,849,841 at the end of fiscal year 2026. The increase in fund balance is due to pre levying for future debt service costs. Current year expenditures included principal and interest.

The Management Levy Fund balance increased from $2,077,024 at the end of fiscal year 2025 to $2,497,059 at the end of fiscal year 2026. The increase is due to an increase in this fund's share of the property tax levy. Current year expenditures included insurance costs.

The Capital Projects Fund balance increased from $20,260,085 as of June 30, 2025, to $80,934,416 as of June 30, 2026. The increase in fund balance is due to current year bond issuances that were not fully spent during the year.

Proprietary Fund Highlights

School Nutrition Fund net position was $1,578,627 as of June 30, 2026. Revenue decreased due to decreased interest revenue. Expenses decreased due to the changes in the food service contract.

The Student Construction fund net position was $29,141 as of June 30, 2026. This fund had no activity during this fiscal year.

The Farm Account fund net position was $29,688 as of June 30, 2026. This fund had minimal activity during the fiscal year.

BUDGETARY HIGHLIGHTS

In accordance with state law, the school board annually adopts a budget following the public notice and hearing requirements. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The District adopts a budget in April for the following year and at the same time considers a budget amendment for expenditures for the current year. The District did not amend its original budget for fiscal year 2026.

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

The District's total revenue was $2,623,038 more than total budgeted revenue, a variance of 3.7%, primarily due to receiving more local sources aid than anticipated.

Total expenditures were $9,660,651 less than total budgeted expenditures, a variance of 12.3%, primarily due to conservative budgeting.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2026, the District had invested $117,185,595, net of accumulated depreciation, in a broad range of capital assets, including land, buildings and improvements, land improvements, equipment, furniture and construction in progress (See Figure A-6). This represents a net increase of 2.0% from last year. The largest increase resulted from current construction in progress. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense was $4,093,764 for Governmental Activities and $40,205 for Business-Type Activities.

The original cost of the District's capital assets was approximately $164.7 million. Governmental funds account for approximately $163.6 million with the remainder of approximately $1.1 million accounted for in the Proprietary Funds.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Total District		
	June 30,		June 30,		June 30,		Percentage
	2026	2025	2026	2025	2026	2025	Change
Land	$ 5,885,890	$ 5,885,890	$ -	$ -	$ 5,885,890	$ 5,885,890	0.00%
Construction in progress	4,824,429	864,267	-	-	4,824,429	864,267	458.21%
Buildings and Improvements	102,295,028	103,368,547	-	-	102,295,028	103,368,547	-1.04%
Improvements other than buildings	555,703	616,256	-	-	555,703	616,256	-9.83%
Machinery and equipment	3,433,730	3,980,266	190,815	231,020	3,624,545	4,211,286	-13.93%
Total	$ 116,994,780	$ 114,715,226	$ 190,815	$ 231,020	$ 117,185,595	$ 114,946,246	1.95%

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt

As of June 30, 2026, the District had $133,762,846 of total long-term debt outstanding. This represents an increase of 67.4% from last year (See Figure A-7). The District issued $58,300,000 in two issuances to construct school facilities. Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The Constitution of the State of Iowa limits the amount of debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding debt is significantly below its constitutional debt limit of approximately $171.1 million.

Figure A-7
Outstanding Long-Term Debt

	Total District		
	June 30,		Percent
	2026	2025	Change
General obligation bonds	$ 116,835,000	$ 60,885,000	91.9%
Revenue bonds	4,925,000	4,925,000	0.0%
Net pension liability	7,109,658	10,591,979	-32.9%
Total OPEB liability	769,880	555,736	38.5%
Unamortized bond premium	4,123,308	2,953,622	39.6%
Total	$ 133,762,846	$ 79,911,337	67.4%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Approximately 82% of the general fund budget is salary and benefits. Current economic factors have driven district staff wage settlements higher than the increase the District has received in supplemental state aid growth.
- The District has experienced enrollment growth over several of the last ten years, however enrollment growth has stagnated since August 2023. The district has seen slight enrollment declines in October of FY24, FY25, FY26 and FY27. While outlook from the City of Grimes indicates significant housing increases, the District should monitor enrollment trends closely and make adjustments as needed.
- The District’s population in 2010 was estimated at 9,869 which is approximately 51% growth over the 2000 census. The District’s population in 2020 was estimated at 17,293 according to the 2020 census which is approximately 75% growth over the 2010 census. The district should monitor demographic changes and base future estimates on conservative figures based on that data.
- The voters of the District approved a new bond of $88 million in November 2025 to complete projects that impact nearly every facility in the District. Multiple projects began in FY26 utilizing these funds including secure entrances, inclusive playgrounds, and mechanical upgrades. In the upcoming years, the major portion of these authorized funds will renovate and add space to the high school and sports complex, construct an operations facility, and renovate areas of the middle school in Dallas Center.

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

- Private and corporate homebuilders continue to select the Grimes area for new home construction. The recent rate of growth will allow for a manageable transition to additional facilities, but accelerated rates of growth expected will greatly stress current facilities. The District continues to monitor growth of residential housing by monitoring the number of building permits granted. At this time, infrastructure for residential housing is occurring in several developments in Grimes.
- The District has contracted the services of RSP Associates to monitor and project enrollment growth. This is yet another factor providing information to the administration and subsequently to the Facilities committee to plan for enrollment growth.
- In March 2025, the District approved a new Statement of Purpose for the SAVE local option sales tax which is effective until 2051. This will allow a greater use of SAVE funds and adding to the capacity for projects that have primarily been PPEL projects.
- In the fall of 2008, the District established a community wide facility committee. The facility committee continues to meet to review future facility needs of the District and reviews uses of funds for projects or the need for future bonding for major construction.
- The District voters passed the renewal of a voter-approved PPEL levy in March 2025 for 10 years. These funds will continue to support repair and renovations in the District and possible funds for needed additions to facilities.
- Along with growth, transportation needs to transport students to school locations continues to grow. The District has purchased two new buses in the fiscal year. The District will need to maintain a level of at least two to three bus purchases annually in the future which has been included in the District ten-year PPEL planning. If neighborhood school boundaries are changed, or if grade reconfiguration occurs then bussing needs may also change and additional buses must be purchased per year.
- The Board negotiated a two year agreement for FY26 and FY27 as the DCGEA moved through the successful recertification process in FY26.
- In April 2026, the bond rating was reviewed by Moody’s Investing Service for the tenth time and the rating was upheld at Aa2. The report noted areas of strength including tax base growth, increasing enrollment, and strong fiscal management.
- Over the past several years, the District net open enrollment in and out number has changed dramatically. The 2016 school year experienced a net positive open enrollment students near the same figures as the previous fiscal year while 2017 and fiscal years 2020 through 2023 and 2024 saw a decline primarily based upon space available due to residential growth. Fiscal year 2025 enrollment count experienced growth in net open enrollment. The District will need to be careful of funding ongoing expenditures with funds as variable as open enrollment and make immediate changes in staffing levels if open enrollment drops. The District will also need to monitor students who choose ESA schools as recent legislation allows public school funding to be distributed to charter schools. The District needs to continue to foster open enrollment to the extent that facilities allow.

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

- In the January 1, 2017 assessment of District taxable valuation, property values increased by 7%. In the January 1, 2018 assessment of District taxable valuation, property values increased by 13.88% followed by a property value increase in 2019 of 10.84%. In January 2020, value increased by 8.21% then increased 4.57% in FY21. In FY22, the valuation increased 10.61% and in FY23 the valuation increased 9.24%. The FY24 valuation increase was 7.29% yet the FY25 valuation increase was only 2.46%. In January 2026, the valuation increased 3.95%. This percentage varies greatly and is difficult to predict for future projections. With the many variables associated with property tax valuation such as agricultural valuation changes in Dallas County, TIF valuation changes, and reassessment of properties, the District will monitor closely as it may not experience the same historic levels of taxable property valuation growth.
- Area cities continue to discuss and use TIF as means of supporting development. All TIF, but especially residential TIFs will have a negative impact on property tax rate. The District must continue to monitor and oppose TIFs that negatively impact the District.
- Although current facilities are in great condition, there has been an increasing need for annual facility maintenance funds, as District facilities are no longer under warranty and start to age. Much of the increased cost is associated with managing increased technology in our mechanical and electrical systems. The voters of the District approved a voted-PPEL levy to help meet the annual facility maintenance needs. The District recently developed a multi-year facilities vision plan to assist in prudent planning for facility improvement and mechanical equipment replacement needs. The needs in this plan helped determine priorities for the use of voter approved general obligation bonds.
- The rapid addition of facilities has been fostered by significant residential and commercial taxable valuation growth. A decrease in valuation will likely have an impact on the District property tax rate. Although District enrollment growth has been manageable, rates of growth similar to other area districts will result in a significant impact upon facilities and in the property tax rate.
- Ongoing discussions of revisions to Highway 44, Highway 141, and the construction of a north/south bypass and/or an east/west bypass will impact the commercial and residential growth of Grimes. A $250 million mixed-use development in Grimes has been completed and continues to progress. This area will eventually include hotels, restaurants, retail, and a multi-use sports tournament venue for soccer, baseball, softball, and football. This development, called Hope District, is proposed for 200 acres northwest of Highway 141 and East First Street. The Grimes City Council has approved a development agreement with Hope Development which addresses infrastructure, ownership, and management by the City of Grimes. The District will continue to monitor these developments for their impact to residential growth impacting enrollment and commercial growth impacting valuation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Michelle Wearmouth, Business Manager at Dallas Center-Grimes Community School District, P.O. Box 680, Grimes, Iowa 50111.

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BASIC FINANCIAL STATEMENTS

Dallas Center - Grimes Community School District
Statement of Net Position
June 30, 2026

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	$ 132,068,734	$ 1,440,200	$ 133,508,934
Receivables			
Property tax - delinquent	51,429	-	51,429
Property tax - succeeding year	32,209,115	-	32,209,115
Due from other governmental units	2,453,915	-	2,453,915
Inventory	-	6,842	6,842
Capital assets, net of accumulated depreciation	106,284,461	190,815	106,475,276
Capital assets not being depreciated	10,710,319	-	10,710,319
Total assets	283,777,973	1,637,857	285,415,830
Deferred Outflows of Resources			
Deferred outflows related to OPEB	221,420	-	221,420
Deferred outflows related to pensions	4,354,713	-	4,354,713
Total deferred outflows of resources	4,576,133	-	4,576,133
Total assets and deferred outflows of resources	$ 288,354,106	$ 1,637,857	$ 289,991,963
Liabilities			
Accounts and contracts payable	$ 4,398,823	$ 401	$ 4,399,224
Salaries and benefits payable	4,363,506	-	4,363,506
Interest payable	576,462	-	576,462
Due to other governmental units	1,239,654	-	1,239,654
Bonds payable			
Due within one year	2,865,000	-	2,865,000
Due in more than one year	123,018,308	-	123,018,308
Total OPEB liability			
Due within one year	65,000	-	65,000
Due in more than one year	704,880	-	704,880
Net pension liability - due in more than one year	7,109,658	-	7,109,658
Total liabilities	144,341,291	401	144,341,692
Deferred Inflows of Resources			
Property tax levied for succeeding year	32,209,115	-	32,209,115
Deferred inflows related to OPEB	1,033,432	-	1,033,432
Deferred inflows related to pensions	864,848	-	864,848
Total deferred inflows of resources	34,107,395	-	34,107,395
Net Position			
Net investment in capital assets	42,733,275	190,815	42,924,090
Restricted for			
Categorical funding	1,467,604	-	1,467,604
Debt service	22,273,379	-	22,273,379
School infrastructure	17,759,088	-	17,759,088
Physical plant and equipment	8,479,128	-	8,479,128
Student activities	460,039	-	460,039
Management levy purposes	2,497,059	-	2,497,059
Unrestricted	14,235,848	1,446,641	15,682,489
Total net position	109,905,420	1,637,456	111,542,876
Total liabilities, deferred inflows of resources and net position	$ 288,354,106	$ 1,637,857	$ 289,991,963

See notes to basic financial statements.

Dallas Center - Grimes Community School District
Statement of Activities
Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses), Revenues, and Changes in Net Position: Governmental Activities	Net (Expenses), Revenues, and Changes in Net Position: Business-Type Activities	Net (Expenses), Revenues, and Changes in Net Position: Total
Governmental activities							
Instruction	$ 33,035,862	$ 5,949,104	$ 5,780,628	$ -	$ (21,306,130)	$ -	$ (21,306,130)
Support Services							
Student	959,799	-	-	-	(959,799)	-	(959,799)
Instructional staff	3,211,676	-	-	-	(3,211,676)	-	(3,211,676)
Administration	4,310,193	-	-	-	(4,310,193)	-	(4,310,193)
Operation and maintenance of plant	7,075,522	-	-	-	(7,075,522)	-	(7,075,522)
Transportation	2,143,474	-	46,576	-	(2,096,898)	-	(2,096,898)
Facilities acquisition	1,108,990	-	-	50,000	(1,058,990)	-	(1,058,990)
AEA Flow through	1,105,062	-	1,105,062	-	-	-	-
Interest and fiscal charges	3,823,484	-	923,676	-	(2,899,808)	-	(2,899,808)
Unallocated depreciation	2,769,596	-	-	-	(2,769,596)	-	(2,769,596)
Total governmental activities	59,543,658	5,949,104	7,855,942	50,000	(45,688,612)	-	(45,688,612)
Business-type activities							
Noninstructional programs							
Food service operations	2,022,258	1,236,938	822,085	-	-	36,765	36,765
Future Farmers of America operations	-	2,790	-	-	-	2,790	2,790
Total business-type activities	2,022,258	1,239,728	822,085	-	-	39,555	39,555
Total	$ 61,565,916	$ 7,188,832	$ 8,678,027	$ 50,000	(45,688,612)	39,555	(45,649,057)
General revenues							
Taxes							
Property taxes, levied for general purposes					14,938,928	-	14,938,928
Property taxes, levied for debt service					7,684,416	-	7,684,416
Property taxes, levied for management levy					3,860,891	-	3,860,891
Property taxes, levied for capital outlay					3,168,644	-	3,168,644
Unrestricted statewide sales, services, and use tax					4,849,100	-	4,849,100
Unrestricted state grants					20,661,227	-	20,661,227
Unrestricted investment earnings					2,253,050	42,865	2,295,915
Gain on disposal of capital assets					120,565	-	120,565
Total general revenues					57,536,821	42,865	57,579,686
Change in net position					11,848,209	82,420	11,930,629
Net position - beginning					98,057,211	1,555,036	99,612,247
Net position - ending					$ 109,905,420	$ 1,637,456	$ 111,542,876

See notes to basic financial statements.

Dallas Center - Grimes Community School District
Balance Sheet - Governmental Funds
June 30, 2026

	General (10)	Debt Service (40)	Management Levy (22)	Capital Projects
Assets				
Cash and investments	$ 15,681,169	$ 22,843,183	$ 2,650,187	$ 83,587,842
Receivables				
Property tax - delinquent	26,750	12,608	6,872	5,199
Property tax - succeeding year	14,814,604	8,046,201	6,030,002	3,318,308
Due from other governmental units	1,968,363	-	-	485,552
Total assets	$ 32,490,886	$ 30,901,992	$ 8,687,061	$ 87,396,901
Liabilities				
Accounts and contracts payable	$ 444,854	$ 5,950	$ 160,000	$ 3,144,177
Salaries and benefits payable	4,363,506	-	-	-
Due to other governmental units	1,239,654	-	-	-
Total liabilities	6,048,014	5,950	160,000	3,144,177
Deferred Inflows of Resources				
Property tax levied for succeeding year	14,814,604	8,046,201	6,030,002	3,318,308
Fund Balances				
Restricted for				
Categorical funding	1,467,604	-	-	-
Debt service	-	22,849,841	-	-
School infrastructure	-	-	-	72,455,288
Physical plant and equipment	-	-	-	8,479,128
Management levy purposes	-	-	2,497,059	-
Student activities	-	-	-	-
Committed for				
Future curriculum purchases	1,050,000	-	-	-
Unassigned	9,110,664	-	-	-
Total fund balances	11,628,268	22,849,841	2,497,059	80,934,416
Total liabilities, deferred inflows of resources, and fund balances	$ 32,490,886	$ 30,901,992	$ 8,687,061	$ 87,396,901

See notes to basic financial statements.

Nonmajor Student Activity (21)	Total Governmental Funds
$ 482,881	$ 125,245,262
-	51,429
-	32,209,115
-	2,453,915
$ 482,881	$ 159,959,721
$ 22,842	$ 3,777,823
-	4,363,506
-	1,239,654
22,842	9,380,983
-	32,209,115
-	1,467,604
-	22,849,841
-	72,455,288
-	8,479,128
-	2,497,059
460,039	460,039
-	1,050,000
-	9,110,664
460,039	118,369,623
$ 482,881	$ 159,959,721

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Dallas Center - Grimes Community School District
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2026

Total fund balances – governmental funds	$ 118,369,623
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds:	
Cost of capital assets	163,541,188
Less accumulated depreciation	(46,546,408)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds:	
Bonds payable	(121,760,000)
Bond premiums	(4,123,308)
Total OPEB liability	(769,880)
Net pension liability	(7,109,658)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions and OPEB that are not recognized in the governmental funds:	
Deferred outflows related to pensions	4,354,713
Deferred inflows related to pensions	(864,848)
Deferred inflows related to OPEB	(1,033,432)
Deferred outflows related to OPEB	221,420
An internal service fund is used by management to charge the costs of the District's health insurance services to various entities and individuals. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position and interfund activity is removed.	6,202,472
Governmental funds do not report a liability for accrued interest on bonds until due and payable.	(576,462)
Total net position - governmental activities	$ 109,905,420

Dallas Center - Grimes Community School District
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2026

	General (10)	Debt Service (40)	Management Levy (22)	Capital Projects
Revenues				
Revenue from local sources				
Local property taxes	$ 14,789,879	$ 7,623,149	$ 3,821,901	$ 3,143,381
Tuition	3,921,561	-	-	-
Other local and county revenues	1,318,384	582,350	-	1,964,916
Revenue from state sources	27,140,369	61,267	38,990	4,874,363
Revenue from federal sources	1,184,140	-	-	-
Total revenues	48,354,333	8,266,766	3,860,891	9,982,660
Expenditures				
Current				
Instruction				
Regular	19,032,786	-	160,000	-
Special	7,503,403	-	-	-
Other	6,234,373	-	-	-
Support services				
Student	1,022,004	-	-	-
Instructional staff	3,244,629	-	-	-
Administration	1,128,286	-	64,110	-
School administration	2,186,473	-	-	-
Business and central administration	1,040,864	-	-	42,335
Operation and maintenance of plant	3,999,053	-	3,070,526	-
Transportation	1,751,693	-	146,220	-
Other expenditures				
AEA flowthrough	1,105,062	-	-	-
Facilities acquisition	-	-	-	7,015,783
Capital outlay	351,300	-	-	591,175
Debt service				
Principal	-	2,350,000	-	-
Interest and fiscal charges	-	2,725,697	-	1,222,633
Total expenditures	48,599,926	5,075,697	3,440,856	8,871,926
Excess of revenues over (under) expenditures	(245,593)	3,191,069	420,035	1,110,734
Other Financing Sources (Uses)				
Insurance recoveries	-	-	-	57,551
Proceeds from the sale of capital assets	63,014	-	-	-
Bond premium	-	-	-	1,494,159
Bond proceeds	-	-	-	58,300,000
Transfers in	-	288,113	-	-
Transfers out	-	-	-	(288,113)
Total other financing sources (uses)	63,014	288,113	-	59,563,597
Net change in fund balances	(182,579)	3,479,182	420,035	60,674,331
Fund Balances				
Beginning of year	11,810,847	19,370,659	2,077,024	20,260,085
End of year	$ 11,628,268	$ 22,849,841	$ 2,497,059	$ 80,934,416

See notes to basic financial statements.

Nonmajor Student Activity (21)	Total Governmental Funds
$ -	$ 29,378,310
-	3,921,561
806,652	4,672,302
-	32,114,989
-	1,184,140
806,652	71,271,302
-	19,192,786
-	7,503,403
771,824	7,006,197
-	1,022,004
-	3,244,629
-	1,192,396
-	2,186,473
-	1,083,199
-	7,069,579
-	1,897,913
-	1,105,062
-	7,015,783
749	943,224
-	2,350,000
-	3,948,330
772,573	66,760,978
34,079	4,510,324
-	57,551
-	63,014
-	1,494,159
-	58,300,000
-	288,113
-	(288,113)
-	59,914,724
34,079	64,425,048
425,960	53,944,575
$ 460,039	$ 118,369,623

Dallas Center - Grimes Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds
Year Ended June 30, 2026

Net change in fund balances - total governmental funds	$ 64,425,048
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the useful lives as depreciation expense:	
Capital outlays	6,373,318
Depreciation expense	(4,093,764)
OPEB are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	55,795
Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net position in the Statement of Activities.	2,350,000
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	2,489,545
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(199,627)
Governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	324,473
Proceeds and premiums from long-term debt issuances are recognized as an other financing source, increasing fund balance in the governmental fund statements, but are recorded as liabilities in the Statement of Activities.	(59,794,159)
An internal service fund is used by management to charge the costs of the District's health insurance services to various entities and individuals. The change in net position is reported within the governmental activities in the Statement of Activities.	(82,420)
Change in net position - governmental activities	$ 11,848,209

Dallas Center - Grimes Community School District
Statement of Net Position - Proprietary Funds
June 30, 2026

	Business-Type Activities	Governmental Activities
	Total Nonmajor Enterprise Funds	Self Insurance fund (71)
Assets		
Current		
Cash and cash equivalents	$ 1,440,200	$ 6,823,472
Inventory	6,842	-
Total current assets	1,447,042	6,823,472
Noncurrent		
Capital assets, net of accumulated depreciation	190,815	-
Total assets	$ 1,637,857	$ 6,823,472
Liabilities		
Current		
Accounts payable	$ 401	$ 621,000
Net Position		
Net Investment in Capital Assets	190,815	-
Unrestricted	1,446,641	6,202,472
Total net position	1,637,456	6,202,472
Total liabilities, deferred inflows of resources, and net position	$ 1,637,857	$ 6,823,472

See notes to basic financial statements.

Dallas Center - Grimes Community School District
Statement of Revenues, Expenses and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2026

	Business-Type Activities	Governmental Activities
	Total Nonmajor Enterprise Funds	Self Insurance fund (71)
Operating Revenues		
Local Sources		
Charges for services	$ 1,230,934	$ 7,591,775
Other receipts	8,794	-
Total revenue	1,239,728	7,591,775
Operating Expenses		
Insurance	-	7,674,195
Noninstructional programs		
Salaries and benefits	70,898	-
Employee benefits	22,327	-
Purchased services	1,432,825	-
Supplies	456,003	-
Depreciation	40,205	-
Total operating expenses	2,022,258	7,674,195
Operating income (loss)	(782,530)	(82,420)
Noncapital Subsidies		
Federal sources	810,294	-
State sources	11,791	-
Total noncapital subsidies	822,085	-
Operating income (loss) and noncapital subsidies	39,555	(82,420)
Nonoperating Revenues		
Investment income	42,865	-
Change in net position	82,420	(82,420)
Net Position		
Beginning of year	1,555,036	6,284,892
End of year	$ 1,637,456	$ 6,202,472

See notes to basic financial statements.

Dallas Center - Grimes Community School District
Statement of Cash Flows - Proprietary Funds
Year ended June 30, 2026

	Business-Type Activities	Governmental Activities
	Total Nonmajor Enterprise Funds	Self Insurance fund (71)
Cash Flows - Operating Activities		
Cash received from miscellaneous operating activities	$ 2,790	$ 7,591,775
Cash received from sale of lunches and breakfast	1,228,144	-
Cash received from other	8,794	-
Payments to employees	(93,225)	(7,674,195)
Payments to suppliers	(1,721,508)	81,025
Net cash flows - operating activities	(575,005)	(1,395)
Cash Flows - Noncapital Financing Activities		
State grants received	11,791	-
Federal grants received	650,283	-
Net cash flows - noncapital financing activities	662,074	-
Cash Flows - Investment Activities		
Interest received	42,865	-
Net change in cash and cash equivalents	129,934	(1,395)
Cash and Cash Equivalents		
Beginning of year	1,310,266	6,824,867
End of year	$ 1,440,200	$ 6,823,472
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities		
Operating income (loss)	$ (782,530)	$ (82,420)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities		
Commodities used	160,012	-
Depreciation	40,205	-
Accounts payable	401	81,025
Net adjustments	207,525	81,025
Net cash flows - operating activities	$ (575,005)	$ (1,395)
Non-Cash Investing, Capital and Related financing activities		
During the year ended June 30, 2026 the District received federal commodities.	$ 160,012	$ -

See notes to basic financial statements.

Dallas Center - Grimes Community School District
Statement of Fiduciary Net Position
June 30, 2026

	Custodial Fund
Assets	
Current	
Cash and investments	$ 98,863
Liabilities	
Accounts payable	98,863
Net Position	$ -

Dallas Center - Grimes Community School District
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2026

	Custodial Fund
Additions	
Intergovernmental	$ 18,191
Deductions	
Payments to member districts	18,191
Net Position	
Beginning of year	-
End of year	$ -

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

B. Basic Financial Statement Information

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

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

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

Description of Funds:

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

The District reports the following major governmental funds:

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

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

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

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

The District reports the following nonmajor governmental fund:

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from noncapital subsidies, and other nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. Noncapital subsidies represent nonexchange resources received from other governments or funds that support operations and are not restricted for capital purposes. Federal and state meal reimbursements are reported as noncapital subsidies because they are nonexchange revenues received to support food service operations. These resources help offset the cost of providing meals and reduce the amount that would otherwise be charged to program participants. These revenues are reported separately from operating revenues and are presented after operating income (loss) in the statement of revenues, expenses and changes in fund net position. Other nonoperating revenues and expenses include revenues and expenses not related to the fund's principal ongoing operations, such as investment income. These amounts are reported separately from operating results to provide users with a clearer understanding of the extent to which operations are supported by user charges versus external funding sources and other nonoperating activities.

D. Cash, Cash Equivalents and Investments

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

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

E. Property Tax Receivable

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2024 assessed property valuations; is for the tax accrual period July 1, 2025 through June 30, 2026 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2025.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Asset Class	Estimated Useful Lives (In Years)
Buildings and infrastructure	50
Improvements other than buildings	20-50
Furniture and equipment	5-15

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences
The Compensated absences consist of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. The District has no compensated absences liability at June 30, 2026.

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Deferred Inflows of Resources

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

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

P. Fund Balances

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

- Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted fund balance.

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

- Unassigned – All amounts not included in the preceding classifications.

Q. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplementary information. During the year ended June 30, 2026, expenditures/expenses did not exceed budgeted amounts.

R. Estimates and Assumptions

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

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Deposits

The District's deposits in banks at June 30, 2026, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the *Code of Iowa*. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities, certificates of deposit or other evidences of deposit at federally insured depository institutions approved by Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. At June 30, 2026, the District had pooled deposits of $15,583,872 and unpooled deposits of $53,268,783. The Custodial Fund also had deposits of $98,863.

B. Investments

At June 30, 2026, the District had investments as follows:

		Investment Maturities		
Type of Investments	Fair Value	Less than 1 year	1-2 years	2-5 years
Pooled Investments				
ISJIT	$ 9,320,851	$ 9,320,851	$ -	$ -
Non-Pooled Investments				
Money Market	49,576	49,576	-	-
US Treasury securities	4,107,022	2,211,086	-	1,895,936
State and Local Government Securities	17,877,697	-	6,515,000	11,362,697
ISJIT	33,301,133	33,301,133	-	-
Total non-pooled investments	55,335,428	35,561,795	6,515,000	13,258,633
Total Investments	$ 64,656,279	$ 44,882,646	$ 6,515,000	$ 13,258,633

At June 30, 2026, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Diversified Portfolio which are valued at an amortized cost of $42,621,984. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAm by Standard & Poor's Financial Services. The State and Local Government Securities are valued at fair value using Level 2 inputs. The Treasury Securities are valued at fair value using Level 2 inputs. The Money Market funds are valued at fair value using Level 1 inputs.

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

B. Investments (Continued)

The following is a summary of total deposits and investments:

District Funds	
Deposits - Pooled (Note 2.A.)	$ 15,583,872
Deposits - Non pooled (Note 2.A.)	53,268,783
Investments - Pooled (Note 2.B.)	9,320,851
Investments - Non pooled (Note 2.B.)	55,335,428
Deposits - Custodial Fund (Note 2.A.)	98,863
Total deposits and investments	$ 133,607,797

C. Deposits and Investments

Deposits and investment at June 30, 2026, are presented as follows:

Statement of Net Position	
Cash and Investments	$ 133,508,934
Custodial Fund	
Cash and Investments	98,863
Total deposits and investments	$ 133,607,797

NOTE 3 – INTERFUND TRANSFERS

Transfer In	Transfer Out	Amount
Debt Service	Capital Projects	$ 288,113

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

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2026, was as follows:

	Balance – Beginning of Year	Increases	Decreases	Balance – End of Year
Governmental activities				
Capital assets not being depreciated				
Land	$ 5,885,890	$ -	$ -	$ 5,885,890
Construction in progress	864,267	5,372,193	1,412,031	4,824,429
Total capital assets not being depreciated	6,750,157	5,372,193	1,412,031	10,710,319
Capital assets being depreciated				
Buildings	133,128,155	1,655,194	-	134,783,349
Improvements other than buildings	3,089,524	-	-	3,089,524
Machinery and equipment	14,296,340	757,962	96,306	14,957,996
Total capital assets being depreciated	150,514,019	2,413,156	96,306	152,830,869
Less accumulated depreciation for				
Buildings	29,759,608	2,728,713	-	32,488,321
Improvements other than buildings	2,473,268	60,553	-	2,533,821
Machinery and equipment	10,316,074	1,304,498	96,306	11,524,266
Total accumulated depreciation	42,548,950	4,093,764	96,306	46,546,408
Total capital assets being depreciated, net	107,965,069	(1,680,608)	-	106,284,461
Governmental activities capital assets, net	$ 114,715,226	$ 3,691,585	$ 1,412,031	$ 116,994,780
Business-type activities				
Machinery and equipment	$ 1,145,606	$ -	$ -	$ 1,145,606
Less accumulated depreciation	914,586	40,205	-	954,791
Business-type activities capital assets, net	$ 231,020	$ (40,205)	$ -	$ 190,815

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the following functions:

Governmental activities	
Instruction	$ 1,004,702
Support services	
Operation and maintenance of plant	62,152
Transportation	257,314
Unallocated	2,769,596
Total depreciation expense - governmental activities	$ 4,093,764
Business-type activities	
Food service operations	$ 40,205

NOTE 5 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2026, are summarized as follows:

	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	Due Within One Year
Governmental activities					
General obligation bonds	$ 60,885,000	$ 58,300,000	$ 2,350,000	$ 116,835,000	$ 2,865,000
G.O. bond premiums	2,953,622	1,494,159	324,473	4,123,308	-
Revenue bonds	4,925,000	-	-	4,925,000	-
Net pension liability	10,591,979	-	3,482,321	7,109,658	-
Total OPEB liability	555,736	214,144	-	769,880	65,000
Total	$ 79,911,337	$ 60,008,303	$ 6,156,794	$ 133,762,846	$ 2,930,000

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

A. General Obligation Bonds

Details of the District's June 30, 2026, general obligation indebtedness are as follows:

Year Ended June 30,	General Obligation Bonds				
	Interest Rate	Principal	Interest	Credit	Total
2027	2.00-6.00%	$ 2,865,000	$ 4,573,266	$ (583,222)	$ 6,855,044
2028	2.00%	2,465,000	4,489,693	(583,222)	6,371,471
2029	2.00%	13,575,000	4,420,654	(583,222)	17,412,432
2030	2.00%	4,260,000	3,729,256	-	7,989,256
2031	2.00%	4,370,000	3,589,844	-	7,959,844
2032-2036	2.00-5.25%	23,550,000	15,692,119	-	39,242,119
2037-2040	2.00-5.25%	33,290,000	10,194,031	-	43,484,031
2041-2046	2.00-4.25%	32,460,000	4,071,506	-	36,531,506
Total		$ 116,835,000	$ 50,760,369	$ (1,749,666)	$ 165,845,703

On December 17, 2025, the District issued $14,300,000 of General Obligation School Bonds, Series 2025 maturing on June 1, 2045, at a stated interest rate of 4.00%-5.00%. The proceeds will be used to construct school facilities.

On June 3, 2026, the District issued $44,000,000 of General Obligation School Bonds, Series 2026 maturing on June 1, 2046, at a stated interest rate of 4.00%-6.00%. The proceeds will be used to construct school facilities.

B. Revenue Bonds

Details of the District's June 30, 2026, revenue bonds is as follows:

Year Ended June 30,	Revenue Bonds				
	Interest Rate	Principal	Interest	Credit	Total
2027	2.00%	$ -	$ 288,113	$ (265,300)	$ 22,813
2028	2.00%	-	288,113	(265,300)	22,813
2029	2.00%	-	288,113	(265,300)	22,813
2030	2.00%	4,925,000	144,056	(132,650)	4,936,406
Total		$ 4,925,000	$ 1,008,395	$ (928,550)	$ 5,004,845

The District has pledged future statewide sales, services and use tax revenues to repay the $4,925,000 of bonds issued in December 2012. The bonds were issued for the purpose of financing a portion of the costs of a new school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. The total principal and interest, net of credits, remaining to be paid on the notes is $5,004,845. For the current year, $22,813 of interest, net of credits, was paid on the bonds and total statewide sales, services and use tax revenues were $4,849,100.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

B. Revenue Bonds (Continued)

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

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

The District did comply with all of the revenue bond provisions during the year ended June 30, 2026.

NOTE 6 – PENSION AND RETIREMENT BENEFITS

A. Plan Description

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

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

B. Pension Benefits

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

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

NOTE 6 – PENSION AND RETIREMENT BENEFITS (CONTINUED)

B. Pension Benefits (Continued)

If a Regular member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65. Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

C. Disability and Death Benefits

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

D. Contributions

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

In fiscal year 2026, 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, 2026, were $2,793,679.

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

As of June 30, 2026, the District reported a liability of $7,109,658 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. As of June 30, 2025, the District's proportion was 0.291147% which was an increase of 0.004272% from its proportion measured as of June 30, 2024.

NOTE 6 – PENSION AND RETIREMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2026, the District recognized pension expense of $304,134. As of June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 1,048,371	$ -
Changes of assumptions	-	87
Net difference between projected and actual earnings on IPERS investments	-	857,448
Changes in proportion and differences between District contributions and proportionate share of contributions	512,663	7,313
District contributions subsequent to the measurement date	2,793,679	-
Total	$ 4,354,713	$ 864,848

The $2,793,679 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, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2027	$ 2,253,995
2028	(281,643)
2029	(813,389)
2030	(515,519)
2031	52,742
Total	$ 696,186

There were no non-employer contributing entities to IPERS.

NOTE 6 – PENSION AND RETIREMENT BENEFITS (CONTINUED)

F. Actuarial Assumptions

The total pension liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.6% per annum.
Salary increases (effective June 30, 2017)	3.25% to 16.25%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.0% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.6% inflation assumption and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2025 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.0 %	3.33 %
International equity	13.0	4.99
Global smart beta equity	5.0	3.87
Core plus fixed income	25.0	2.84
Public credit	3.0	4.21
Cash	1.0	1.24
Private equity	17.0	7.68
Private real assets	9.0	4.62
Private credit	6.0	6.23
Total	100.0 %	

NOTE 6 – PENSION AND RETIREMENT BENEFITS (CONTINUED)

G. Discount Rate

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

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

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

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability	$ 23,372,476	$ 7,109,658	$ (6,500,334)

I. Pension Plan Fiduciary Net Position

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

J. Payables to the Pension Plan

As of June 30, 2026, the District reported payables to the defined benefit pension plan of $15,846 for legally required employer contributions and $10,559 for legally required employee contributions withheld from employee wages but not yet remitted to IPERS.

NOTE 7 – RISK MANAGEMENT

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

NOTE 7 – RISK MANAGEMENT (CONTINUED)

The District provides a health care self-insurance program. The General Fund of the District participates in this program and make payments to the Health Insurance Internal Service Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates it is probable a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. The total claims liability reported in the fund as of June 30, 2026, was $621,000, which is comprised of the liability for known claims as well as an estimate for claims incurred but not yet reported. Changes in the fund's claims liability amounts for the past three years are as follows:

Year	Beginning Balance	Claims Expense and Estimates	Claims Payments	Ending Balance
2024	$ 947,638	$ 6,602,805	$ 6,946,919	$ 603,524
2025	603,524	6,812,823	6,876,372	539,975
2026	539,975	7,494,986	7,413,961	621,000

NOTE 8 – AREA EDUCATION AGENCY SUPPORT

The District is required by the *Code of Iowa* to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled $1,105,062 for the year ended June 30, 2026, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

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

B. Benefit Provided

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

C. Members

Retired participants must be age 55 or older at retirement. At June 30, 2026, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Active employees	463
Total	473

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

D. Actuarial Assumptions

The total OPEB liability in the June 30, 2026, actuarial valuation was determined using the following actuarial assumption and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount rate (effective June 30, 2026)	4.67% compounded annually, including inflation
Rates of salary increases (effective June 30, 2026)	3.25% per annum
Rate of inflation (effective June 30, 2026)	2.60% per annum
Healthcare cost trend rate (effective June 30, 2026)	9.10% initial rate decreasing to an ultimate rate of 4.00%

Mortality rates are from the PUB-2016 headcount-weighted base mortality table, projected generationally using Scale MP-2021, applied on a gender-specific and job class basis.

Rates of withdrawal and retirement are based on the assumptions used in the June 30, 2025 Iowa Public Employees' Retirement System (IPERS) actuarial valuation.

Changes in assumptions since the prior valuation are as follows:

- The discount rate was updated from 5.20% to 4.67%.
- The healthcare cost trend rates were updated to an initial rate of 9.10% grading down to an ultimate rate of 4.00% to reflect higher than anticipated healthcare cost increases.
- The base mortality table was updated from PUB-2010 to PUB-2016 to reflect the Society of Actuaries' most recent mortality study.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.67% 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.

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

E. Total OPEB Liability

The District's total OPEB liability of $769,880 was measured as of June 30, 2026, and was determined by an actuarial valuation as of June 30, 2026.

	Total OPEB Liability (a)
Balances at July 1, 2025	$ 555,736
Changes for the year	
Service cost	62,902
Interest	30,801
Assumption changes	129,176
Differences between expected and actual experience	43,887
Benefit payments	(52,622)
Net changes	214,144
Balances at June 30, 2026	$ 769,880

F. OPEB Liability Sensitivity

The following presents the District's total OPEB liability calculated using the discount rate of 4.67% as well as the liability measured using 1 percentage point lower and 1 percentage point higher than the current discount rate.

	1% Decrease in Discount Rate (3.67%)	Current Discount Rate (4.67%)	1% Increase in Discount Rate (5.67%)
Total OPEB liability	$ 842,000	$ 769,880	$ 705,000

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

F. OPEB Liability Sensitivity (Continued)

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

	1% Decrease Trend Rate (8.10%)	Current Trend Rate (9.10%)	1% Increase Trend Rate (10.10%)
Total OPEB liability	$ 676,000	$ 769,880	$ 884,000

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

For the year ended June 30, 2026, the District recognized negative OPEB expense of $3,173. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 175,776	$ 561,341
Differences between expected and actual economic experience	45,644	472,091
Total	$ 221,420	$ 1,033,432

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

Year Ended June 30,	Total
2027	$ (96,876)
2028	(96,432)
2029	(98,393)
2030	(98,393)
2031	(98,393)
Thereafter	(323,525)
Total	$ (812,012)

NOTE 10 – TAX ABATEMENTS

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

Tax Abatements of Other Entities

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

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2026, under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Grimes	Urban renewal and economic development projects	$ 1,064,541
City of Dallas Center	Urban renewal and economic development projects	53,089
City of Urbandale	Urban renewal and economic development projects	208,631

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, 2026, this reimbursement amounted to $449,061.

NOTE 11 – CATEGORICAL FUNDING

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

NOTE 11 – CATEGORICAL FUNDING (CONTINUED)

The District's restricted fund balance for categorical funding as of June 30, 2026, is comprised of the following programs:

Successful progression for early readers	$ 36,087
Teacher salary supplement	53,772
Gifted and talented	398,927
Professional development supplement	212
Teacher leadership grant	973,359
Other purposes	5,247
Total	$ 1,467,604

NOTE 12 – CONSTRUCTION COMMITMENTS

The District entered into contracts related to construction projects totaling $4,749,142 for school building and playground improvements. As of June 30, 2026, costs of $2,334,861 had been incurred against the contracts. The balance of $2,414,281 remaining at June 30, 2026 will be paid as work on the project progresses.

NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLE

Change in Accounting Principle During the current fiscal year, the Dallas Center - Grimes Community School District implemented GASB Statement No. 103, Financial Reporting Model Improvements. This statement enhances the financial reporting model by standardizing presentation structures, expanding communication effectiveness and refining note disclosures. The implementation of GASB Statement No. 103 required the following presentation modifications:

- Included additional disclosures in the Notes to the Required Supplementary Information - Budgetary Reporting section explaining significant variances between original and final budget estimates and the corresponding actual revenues and expenditures/expenses.

- Updated the presentation of noncapital subsidies on the Statement of Revenue, Expenses and Changes in Fund Net Position - Proprietary Funds.

- Revised the structure and content requirements for the Management's Discussion and Analysis.

The adoption of GASB Statement No. 103 had no effect on beginning net position, fund balance or change in net position for the current year.

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REQUIRED SUPPLEMENTARY INFORMATION

Dallas Center - Grimes Community School District
Schedule of Budgetary Comparison of Revenue,
Expenditures/Expenses and Changes in Balances
Budget to Actual - All Governmental Funds and Proprietary Funds
Year Ended June 30, 2026

	Budgeted Amounts	Actual		Variance with
	Original and Final	Governmental Funds	Proprietary Funds	Final Budget - Over (Under)
Revenues				
Local sources	$ 37,998,878	$ 37,972,173	$ 1,282,593	$ 1,255,888
State sources	30,592,387	32,114,989	11,791	1,534,393
Federal sources	2,161,677	1,184,140	810,294	(167,243)
Total revenues	70,752,942	71,271,302	2,104,678	2,623,038
Expenditures				
Instruction	36,731,439	33,798,972	-	(2,932,467)
Support services	20,207,205	18,542,831	-	(1,664,374)
Noninstructional programs	2,645,669	-	2,022,258	(623,411)
Other expenditures	18,859,574	14,419,175	-	(4,440,399)
Total expenditures	78,443,887	66,760,978	2,022,258	(9,660,651)
Excess of revenues over (under) expenditures	(7,690,945)	4,510,324	82,420	12,283,689
Other Financing Sources (Uses) (Net)	-	59,914,724	-	59,914,724
Net change in fund balance	$ (7,690,945)	$ 64,425,048	$ 82,420	$ 72,198,413
Fund Balance				
Beginning of year		$ 53,944,575	$ 1,555,036	
End of year		$ 118,369,623	$ 1,637,456	

See notes to required supplementary information – budgetary reporting.

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

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

In accordance with the *Code of Iowa*, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except internal service, private-purpose trust and custodial funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, noninstructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The *Code of Iowa* also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did not adopt a budget amendment.

During the year ended June 30, 2026, expenditures did not exceed the District's budget.

Budgetary Revenues

Differences-final budget to actual:

- Local sources was over budget by $1,255,888 due to conservative budgeting for interest, open enrollment tuition received from other districts and other miscellaneous revenue.
- State sources was over budget by $1,534,393 due to conservative budgeting for state supplemental aid and student counts.

Budgetary Expenditures

Differences-final budget to actual:

- Instruction expenditures were under budget $2,932,467 due to conservative budgeting for step and lane increases.
- Support services expenditures were under budget $1,664,374 due to budgeting for capital projects and equipment purchases that did not happen during the year.
- Other expenditures were under budget $4,440,399 due to budgeting for the full capital project during the current year.

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

Measurement Date	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.2299%	$ 14,339	$ 16,341	87.75%	81.82%
2018	0.2353%	15,536	17,411	89.23%	82.21%
2019	0.2501%	15,822	18,792	84.20%	83.62%
2020	0.2275%	13,263	17,451	76.00%	85.45%
2021	0.2674%	18,651	21,227	87.86%	82.90%
2022	0.2661%	373	21,603	1.73%	100.81%
2023	0.2731%	10,838	23,157	46.80%	91.41%
2024	0.2820%	13,014	26,994	48.21%	90.13%
2025	0.2868%	10,592	28,811	36.76%	92.30%
2026	0.2911%	7,110	29,594	24.03%	95.30%

See notes to required supplementary information – pension liability.

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

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	$ 1,555	$ 1,555	$ -	$ 17,413	8.93%
2018	1,678	1,678	-	18,791	8.93%
2019	1,647	1,647	-	17,447	9.44%
2020	2,004	2,004	-	21,229	9.44%
2021	2,039	2,039	-	21,600	9.44%
2022	2,186	2,186	-	23,157	9.44%
2023	2,390	2,390	-	25,318	9.44%
2024	2,533	2,533	-	26,833	9.44%
2025	2,704	2,704	-	28,644	9.44%
2026	2,794	2,794	-	29,597	9.44%

See notes to required supplementary information – pension liability.

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

Changes of Benefit Terms
There are no significant changes in benefit terms.

Changes of Assumptions

The 2022 valuation incorporated the following refinements after a quadrennial experience study:
- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:
- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:
- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.0%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

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

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

Change in Benefit Terms
There were no significant changes in benefit terms.

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

Year Ended June 30,	
2026	4.67%
2025	5.20%
2024	3.93%
2023	3.65%
2022	3.54%
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.87%
2017	3.58%

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

- The healthcare cost trend rates were updated to an initial rate of 9.10% grading down to an ultimate rate of 4.00% to reflect higher than anticipated healthcare cost increases.

- The base mortality table was updated from PUB-2010 to PUB-2016 to reflect the Society of Actuaries' most recent mortality study.

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

June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026
$ 183,663	$ 123,746	$ 126,100	$ 72,370	$ 62,902
35,347	37,691	42,384	24,532	30,801
(582,666)	-	8,019	-	43,887
(79,393)	(10,607)	(611,593)	(66,452)	129,176
-	-	-	-	-
(67,321)	(70,210)	(43,153)	(53,159)	(52,622)
(510,370)	80,620	(478,243)	(22,709)	214,144
1,486,438	976,068	1,056,688	578,445	555,736
$ 976,068	$ 1,056,688	$ 578,445	$ 555,736	$ 769,880
$ 18,834,176	$ 19,493,000	$ 27,600,609	$ 28,498,000	$ 27,328,991
5.18%	5.42%	2.10%	1.95%	2.82%

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SUPPLEMENTARY INFORMATION

Dallas Center - Grimes Community School District
Combining Balance Sheet -
Capital Projects Fund Accounts
June 30, 2026

	Capital Projects			
	Statewide Sales, Services and Use Tax (33)	Other Capital Projects (32)	Physical Plant and Equipment Levy (23)	Total
Assets				
Cash and investments	$ 18,433,383	$ 56,604,832	$ 8,549,627	$ 83,587,842
Receivables				
Property tax - delinquent	-	-	5,199	5,199
Property tax - succeeding year	-	-	3,318,308	3,318,308
Due from other governmental units	485,552	-	-	485,552
Total assets	$ 18,918,935	$ 56,604,832	$ 11,873,134	$ 87,396,901
Liabilities				
Accounts and contracts payable	$ 1,333,099	$ 1,735,380	$ 75,698	$ 3,144,177
Deferred Inflows of Resources				
Unavailable revenue - succeeding year property tax	-	-	3,318,308	3,318,308
Fund Balances				
Restricted				
School infrastructure	17,585,836	54,869,452	-	72,455,288
Physical plant and equipment	-	-	8,479,128	8,479,128
Total fund balances	17,585,836	54,869,452	8,479,128	80,934,416
Total liabilities, deferred inflows of resources, and fund balances	$ 18,918,935	$ 56,604,832	$ 11,873,134	$ 87,396,901

Dallas Center - Grimes Community School District
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances - Capital Projects Fund Accounts
Year Ended June 30, 2026

	Capital Projects			
	Statewide Sales, Services and Use Tax (33)	Other Capital Projects (32)	Physical Plant and Equipment Levy (23)	Total
Revenues				
Revenue from local sources				
Local property taxes	$ -	$ -	$ 3,143,381	$ 3,143,381
Other local and county revenues	1,539,533	243,032	182,351	1,964,916
Revenue from state sources	4,849,100	-	25,263	4,874,363
Total revenues	6,388,633	243,032	3,350,995	9,982,660
Expenditures				
Current				
Support services				
Business and central administration	-	-	42,335	42,335
Facilities acquisition and construction	1,778,193	3,945,106	1,292,484	7,015,783
Capital outlay	348,730	-	242,445	591,175
Debt service				
Interest and fiscal charges	-	1,222,633	-	1,222,633
Total expenditures	2,126,923	5,167,739	1,577,264	8,871,926
Excess of revenues over (under) expenditures	4,261,710	(4,924,707)	1,773,731	1,110,734
Other Financing Sources (Uses)				
Insurance recoveries	-	-	57,551	57,551
Bond proceeds	-	58,300,000	-	58,300,000
Bond premium	-	1,494,159	-	1,494,159
Transfers out	(288,113)	-	-	(288,113)
Total other financing sources (uses)	(288,113)	59,794,159	57,551	59,563,597
Net change in fund balances	3,973,597	54,869,452	1,831,282	60,674,331
Fund Balances				
Beginning of year	13,612,239	-	6,647,846	20,260,085
End of year	$ 17,585,836	$ 54,869,452	$ 8,479,128	$ 80,934,416

Dallas Center - Grimes Community School District
Schedule of Changes in Student Activity
Special Revenue Fund
Year Ended June 30, 2026

Account	Balance - Beginning of Year	Revenue	Expenditures	Intrafund Transfers	Balance - End of Year
HS Annual	$ 3,784	$ 3,250	$ 3,253	$ -	$ 3,781
HS Art Club	1,217	-	-	-	1,217
Athletics	1,793	207,039	54,959	(97,680)	56,193
Athletics Resale	2,451	13,721	11,901	-	4,271
HS/MS/Elem Band Resale	-	31,145	14,872	-	16,273
Baseball	-	4,691	18,934	14,243	-
Baseball Fundraising	-	11,290	2,919	-	8,371
Boosters	12,667	117,628	116,425	-	13,870
Athletic Performance	391	-	96	-	295
Camps and Clinics	125	-	-	-	125
Boys/Girls Basketball	19,105	10,364	21,730	-	7,739
Basketball Fundraising	3,750	6,002	15,467	8,142	2,427
Girls Basketball	884	3,890	14,851	10,077	-
Girls Basketball Fundraising	18,794	19,088	17,435	(8,142)	12,305
Class of					
2024	3,848	-	560	(3,288)	-
2025	1,880	-	200	(1,680)	-
2026	6,941	192	17,374	10,241	-
2027	5,469	9,252	1,800	-	12,921
2028	1,411	406	-	-	1,817
2029	-	174	-	-	174
Cross Country	-	920	3,763	2,843	-
Boys Cross Country Fundraiser	2,613	-	1,541	-	1,072
Girls Cross Country Fundraiser	-	-	4,368	4,368	-
Dance Team	-	16,092	14,613	-	1,479
Dig Pink Volleyball	254	-	-	-	254
Speech	-	525	3,592	3,067	-
Drill Team	1,854	1,747	2,836	-	765
Equip Repair	1,000	-	-	-	1,000
E-sports	1,311	500	235	-	1,576
Football	1,308	37,593	58,193	19,292	-
Football Fundraising	-	23,460	26,478	3,018	-
HS French Club	685	-	-	-	685
FFA	13,132	13,451	18,217	-	8,366
Greenhouse Club	3,416	820	-	-	4,236
Girls Softball	-	10,839	21,972	11,133	-
Girls Softball Fundraiser	14,409	17,364	15,216	-	16,557

Dallas Center - Grimes Community School District
Schedule of Changes in Student Activity
Special Revenue Fund
Year Ended June 30, 2026

Account	Balance - Beginning of Year	Revenue	Expenditures	Intrafund Transfers	Balance - End of Year
Boys Golf Fundraiser	$ -	$ 4,710	$ 8,193	$ 5,824	$ 2,341
Girls Golf	-	-	4,330	4,330	-
Girls Golf Fundraiser	-	45	484	439	-
HS Bakers	1,158	-	-	-	1,158
HS Enterprise	2,910	3,088	2,784	-	3,214
HS Student Council	20,813	14,738	10,540	-	25,011
HS Honor Society	3,983	2,825	4,991	-	1,817
HS Cheerleading	16,646	19,223	18,107	-	17,762
HS Dance Marathon	1,038	-	-	-	1,038
HS Juice/Pop Machine	1,561	4,029	3,091	(2,051)	448
HS Best Buddies	1,089	1,791	1,382	-	1,498
HS Band/Vocal Fundraiser	-	-	14,393	14,445	52
HS Show Chior	1,695	24,382	18,496	(5,606)	1,975
HS Jazz Choir	-	15,650	43,188	27,538	-
HS Vocal Solo Ensemble	1,943	19,989	-	(21,932)	-
HS Band Fundraiser	17,867	1,603	237	(14,445)	4,788
Interest	24,758	9,443	258	(3,274)	30,669
Boys Soccer	-	2,046	6,619	4,573	-
Boys Soccer Fundraiser	-	3,666	2,845	-	821
Girls Soccer	409	3,540	3,946	-	3
Girls Soccer Fundraiser	-	6,039	5,344	-	695
HS Drama/Musical	7,792	25,647	13,287	10,306	30,458
MS Drama/Musical	18,873	2,776	3,935	(13,873)	3,841
Mock Trial	525	-	500	500	525
P.A.L.S.	4,095	-	-	-	4,095
Picture Fund	5,033	2,649	6,658	-	1,024
Spanish Club	638	-	-	-	638
Track	74	-	-	-	74
Boys Track	-	1,263	5,378	4,115	-
Boys Track Fundraising	5,382	8,923	4,207	-	10,098
Girls Track	-	1,682	6,493	4,811	-
Girls Track Fundraising	-	1,774	278	-	1,496
Tennis- Boys	-	225	457	232	-
Tennis- Boys Fundraising	-	-	28	28	-
Tennis- Girls	-	225	690	465	-
Volleyball	14,724	7,885	12,265	-	10,344

Dallas Center - Grimes Community School District
Schedule of Changes in Student Activity
Special Revenue Fund
Year Ended June 30, 2026

Account	Balance - Beginning of Year	Revenue	Expenditures	Intrafund Transfers	Balance - End of Year
Volleyball Fundraising	$ 16,585	$ 1,436	$ 4,607	$ -	$ 13,414
Washington DC fundraiser	276	-	-	-	276
Wrestling	2,756	11,638	13,749	-	645
Wrestling Fundraiser	10,608	-	9,575	-	1,033
Wrestling - Girls	284	1,571	7,287	5,432	-
Wrestling - Girls Fundraiser	3,652	-	2,012	-	1,640
Meadows Yearbook	10,686	-	1,552	-	9,134
Jr. High Annual	325	-	1,425	1,100	-
Jr. High Cheerleading	73	-	-	(73)	-
Jr. High Juice/Pop Machine	8,617	2,110	6,147	-	4,580
Jr. High Student Council	6,290	-	188	-	6,102
Jr. High Honor Society	81	-	-	-	81
Northridge Fundraiser	20,706	2,273	7,675	-	15,304
Oak View Vocal Fundraiser	2,511	1,128	2,560	1,432	2,511
Oak View Band Fundraiser	12,220	9,825	15,738	-	6,307
Oak View Showchoir	16,158	3,530	4,606	-	15,082
Meadows Pop Fundraiser	3,440	6,056	-	-	9,496
Meadows Student Council	5,130	409	1,373	-	4,166
Kiwanis Key Club	2,828	1,200	260	-	3,768
Seniors Against Cancer 2010	111	-	-	-	111
FFA Test Plot	5,391	7,816	-	-	13,207
Elementary Fundraiser - Grimes	8,724	2,933	1,885	-	9,772
Elementary Fundraiser - D.C.	1,818	767	1,924	-	661
Elementary Fundraiser - Heritage	8,013	1,152	2,121	-	7,044
Elementary Student Council	330	-	-	-	330
Technology Student Association (TSA)	613	-	-	-	613
Character Counts	236	-	-	-	236
Battle of the Banks	-	1,108	234	-	874
Mustang Munchies	-	401	451	50	-
Total	$ 425,960	$ 806,652	$ 772,573	$ -	$ 460,039

Dallas Center - Grimes Community School District
Combining Statement of Net Position - Proprietary Funds
June 30, 2026

	Business-Type Activities			
	School Nutrition (61)	Student Construction (64)	Farm Account(69)	Total
Assets				
Current				
Cash and cash equivalents	$ 1,381,371	$ 29,141	$ 29,688	$ 1,440,200
Inventory	6,842	-	-	6,842
Total current assets	1,388,213	29,141	29,688	1,447,042
Noncurrent				
Capital assets, net of accumulated depreciation	190,815	-	-	190,815
Total assets	$ 1,579,028	$ 29,141	$ 29,688	$ 1,637,857
Liabilities				
Current				
Accounts payable	$ 401	$ -	$ -	$ 401
Net Position				
Investment in Capital Assets	$ 190,815	$ -	$ -	$ 190,815
Unrestricted	1,387,812	29,141	29,688	1,446,641
Total net position	1,578,627	29,141	29,688	1,637,456
Total liabilities and net position	$ 1,579,028	$ 29,141	$ 29,688	$ 1,637,857

Dallas Center - Grimes Community School District
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2026

	Business-Type Activities			
	School Nutrition (61)	Student Construction (64)	Farm Account(69)	Total
Operating Revenues				
Local Sources				
Charges for services	$ 1,228,144	$ -	$ 2,790	$ 1,230,934
Other receipts	8,794	-	-	8,794
Total revenue	1,236,938	-	2,790	1,239,728
Operating Expenses				
Noninstructional programs				
Salaries and benefits	70,898	-	-	70,898
Employee benefits	22,327	-	-	22,327
Purchased services	1,432,825	-	-	1,432,825
Supplies	456,003	-	-	456,003
Depreciation	40,205	-	-	40,205
Total operating expenses	2,022,258	-	-	2,022,258
Operating income (loss)	(785,320)	-	2,790	(782,530)
Noncapital Subsidies				
Federal sources	810,294	-	-	810,294
State sources	11,791	-	-	11,791
Total nonoperating subsidies	822,085	-	-	822,085
Operating income (loss) and noncapital subsidies	36,765	-	2,790	39,555
Other Nonoperating Revenues				
Investment income	42,865	-	-	42,865
Change in net position	79,630	-	2,790	82,420
Net Position				
Beginning of year	1,498,997	29,141	26,898	1,555,036
End of year	$ 1,578,627	$ 29,141	$ 29,688	$ 1,637,456

Dallas Center - Grimes Community School District
Combining Statement of Cash Flows -
Proprietary Funds
Year Ended June 30, 2026

	Business-Type Activities			
	School Nutrition (61)	Student Construction (64)	Farm Account (69)	Total
Cash Flows – Operating Activities				
Cash received from miscellaneous operating activities	$ -	$ -	$ 2,790	$ 2,790
Cash received from sale of lunches and breakfast	1,228,144	-	-	1,228,144
Cash received from other	8,794	-	-	8,794
Payments to employees	(93,225)	-	-	(93,225)
Payments to suppliers	(1,721,508)	-	-	(1,721,508)
Net cash flows - operating activities	(577,795)	-	2,790	(575,005)
Cash Flows – Noncapital Financing Activities				
State grants received	11,791	-	-	11,791
Federal grants received	650,283	-	-	650,283
Net cash flows - noncapital financing activities	662,074	-	-	662,074
Cash Flows – Investment Activities				
Interest received	42,865	-	-	42,865
Net change in cash and cash equivalents	127,144	-	2,790	129,934
Cash and Cash Equivalents				
Beginning of year	1,254,227	29,141	26,898	1,310,266
End of year	$ 1,381,371	$ 29,141	$ 29,688	$ 1,440,200
Reconciliation of Operating Income (Loss) to Net Cash Flows – Operating Activities				
Operating income (loss)	$ (785,320)	$ -	$ 2,790	$ (782,530)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Commodities used	160,012	-	-	160,012
Depreciation	40,205	-	-	40,205
Accounts payable	401	-	-	401
Net adjustments	207,525	-	-	207,525
Net cash flows - operating activities	$ (577,795)	$ -	$ 2,790	$ (575,005)
Non-Cash Investing, Capital and Related Financing Activities				
During the year ended June 30, 2026 the District received federal commodities.	$ 160,012	$ -	$ -	$ 160,012

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

	Fiscal Year			
	2026	2025	2024	2023
Revenue				
Local sources				
Local tax	$ 29,378,310	$ 29,371,380	$ 26,267,821	$ 24,975,024
Tuition	3,921,561	4,031,057	3,147,290	3,753,336
Other	4,672,302	4,341,494	4,743,076	2,743,487
State sources	32,114,989	31,315,238	30,273,283	28,912,229
Federal sources	1,184,140	1,620,065	1,242,019	1,325,141
Total revenue	71,271,302	70,679,234	65,673,489	61,709,217
Expenditures				
Instruction				
Regular	19,192,786	18,641,736	18,238,835	16,162,180
Special	7,503,403	7,420,155	7,459,416	6,440,038
Other	7,006,197	6,852,606	6,278,436	6,191,991
Support services				
Student	1,022,004	980,181	999,425	1,082,570
Instructional staff	3,244,629	2,999,237	2,982,110	3,051,896
Administration	4,462,068	4,746,290	4,793,999	4,233,010
Operation and maintenance of plant	7,069,579	6,858,740	4,876,180	4,823,442
Transportation	1,897,913	1,906,097	1,766,977	1,602,724
Other expenditures				
AEA flowthrough	1,105,062	1,373,932	1,757,408	1,659,201
Facilities acquisition	7,015,783	1,493,199	7,101,558	9,366,132
Capital outlay	943,224	3,363,434	1,594,561	-
Debt Service				
Principal	2,350,000	2,340,000	2,415,000	2,460,000
Interest and fiscal charges	3,948,330	2,640,567	2,537,448	2,598,762
Total expenditures	$ 66,760,978	$ 61,616,174	$ 62,801,353	$ 59,671,946

Fiscal Year					
2022	2021	2020	2019	2018	2017
$ 21,334,598	$ 20,220,149	$ 18,428,172	$ 18,805,963	$ 16,653,465	$ 14,847,680
2,630,843	2,429,852	2,677,963	2,700,118	2,586,747	2,733,064
2,336,188	2,184,507	3,121,664	2,756,732	2,295,056	2,133,492
26,805,713	24,460,395	22,345,634	21,291,432	20,299,489	18,465,973
1,390,210	1,873,865	904,858	876,276	838,679	736,963
54,497,552	51,168,768	47,478,291	46,430,521	42,673,436	38,917,172
17,496,183	14,942,681	14,062,751	12,769,327	12,460,152	11,613,216
7,609,738	4,959,049	4,699,500	3,799,400	3,297,029	3,083,743
2,652,552	5,235,787	4,932,273	4,918,487	4,760,706	4,377,423
1,043,832	1,157,469	1,009,947	977,902	910,540	771,241
2,871,905	2,495,689	2,686,155	2,337,432	2,363,454	2,197,720
3,413,085	3,475,195	3,197,295	2,618,014	2,571,134	2,467,466
4,325,287	4,126,032	3,480,768	3,276,755	2,950,904	2,587,132
1,848,971	1,682,644	1,514,024	1,593,671	1,569,138	1,136,030
1,540,413	1,442,196	1,310,827	1,225,741	1,153,382	1,033,233
7,924,529	21,091,911	21,911,847	7,208,443	3,988,789	12,619,631
-	-	-	-	-	-
2,420,000	19,415,000	2,155,000	1,490,000	1,455,000	1,430,000
2,855,892	3,202,543	2,603,267	1,624,656	1,658,476	1,828,613
$ 56,002,387	$ 83,226,196	$ 63,563,654	$ 43,839,828	$ 39,138,704	$ 45,145,448

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Dallas Center - Grimes Community School District, Grimes, Iowa, as of and for the year ending June 30, 2026, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 19, 2026.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses identified as Audit Finding 2026-001 and 2026-002.

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2026, are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

District's Response to Finding
Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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

Bergan KDV, Ltd.

St. Cloud, Minnesota
October 19, 2026

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

SECTION I – FINANCIAL STATEMENT FINDINGS

Audit Finding 2026-001 – Lack of Segregation of Accounting Duties

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

Condition:
During the year ended June 30, 2026, the District had a lack of segregation of accounting duties due to a limited number of office employees. This lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- The Business Manager can reconcile receipts received, enter receipts into the accounting system and prepare the bank reconciliation.
- The Business Manager has access to all areas of the accounting system.
- The Business Manager reconciles property taxes and federal receivables and capital assets without review.
- The Business Manager has the ability to make journal entries without review.

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

Context:
This finding impacts the internal control over financial reporting.

Cause:
There are a limited number of office employees.

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

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

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

SECTION I – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2026-001 – Lack of Segregation of Accounting Duties (Continued)

Views of Responsible Officials and Planned Corrective Actions:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
   There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding
   Administration will add additional internal controls where the benefit exceeds the cost.

3. Official Responsible for Ensuring CAP
   Michelle Wearmouth, Business Manager, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP
   The planned completion date for the CAP is June 30, 2027.

5. Plan to Monitor Completion of CAP
   The School Board will be monitoring this CAP.

SECTION I – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2026-002- Material Audit Adjustment

Criteria:
Internal control that supports the District's ability to initiate, record, process and report financial data requires controls to ensure all required adjustments to the financial statements are properly recorded.

Condition:
During the course of our audit, we proposed a material audit adjustment that would not have been identified as a result of the District's internal controls, and therefore, could have resulted in a material misstatement of the District's financial statements. In order to ensure financial statements were free from material misstatement, an audit adjustment was required to adjust accounts payable.

Context:
This finding impacts the internal control over financial reporting.

Cause:
There are a limited number of office employees to identify all necessary adjustments.

Effect or Potential Effect:
Internal controls that fail to identify necessary adjustments could result in material misstatements to the financial statements.

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

Views of Responsible Officials and Planned Corrective Actions:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
   There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding
   The District will thoroughly review activity throughout the year and ensure all necessary adjustments to financial data are recorded.

3. Official Responsible for Ensuring CAP
   Michelle Wearmouth, Business Manager, is the official responsible for ensuring corrective action of deficiency.

4. Planned Completion Date for CAP
   The planned completion date for the CAP is June 30, 2027.

5. Plan to Monitor Completion of CAP
   The School Board will be monitoring this CAP.

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

SECTION II – OTHER FINDINGS RELATED TO STATUTORY REPORTING

II-A-26 – Certified Budget
Expenditures did not exceed budgeted amounts.

II-B-26 – Questionable Expenditures
We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's Opinion dated April 25, 1979.

II-C-26 – 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.

II-D-26 – Business Transactions
There was no transaction between the District and District officials.

II-E-26 – Restricted Donor Activity
No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the *Code of Iowa*.

II-F-26 – Bond Coverage
Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

II-G-26 – Board Minutes
No transactions were found that we believe should have been approved in the Board minutes but were not.

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

II-H-26 – Certified Enrollment

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

- The District reported 3 students with an incorrect resident district, overstating the District's basic enrollment by 3.00. The District did not report 3 students as resident students who should have been counted, understating the District's basic enrollment by 3.00. The net effect of these variances on certified enrollment was 0.00.
- The District overstated course count by 0.076 courses.

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

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

Auditor's Conclusion:
Response accepted.

II-I-26 – Supplementary Weighting
There were no variances noted in the supplementary weighting data certified to the Iowa Department of Education.

II-J-26 – Deposits and Investments

Finding:
The District's depository resolution approved by the Board established a maximum balance authorized to be deposited with financial institutions. During our testing, the District maintained deposits in excess of the amounts authorized by the depository resolution. As a result, the District was not in compliance with the Board-approved depository resolution.

Auditor's Recommendation:
The District should monitor deposit balances throughout the year and ensure deposits do not exceed the amounts authorized by the Board-approved depository resolution. If higher deposit balances are anticipated, the Board should amend the depository resolution to authorize the increased amounts.

Views of Responsible Officials:
The District will review deposit balances periodically and present an updated depository resolution to the Board when necessary to ensure authorized limits adequately cover District cash balances.

Auditor's Conclusion:
Response accepted.

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

II-K-26 – Certified Annual Report
The Certified Annual Report was certified timely to the Iowa Department of Education.

II-L-26 – Categorical Funding
No instances were found of categorical funding being used to supplant rather than supplement other funds.

II-M-26 – Statewide Sales, Services and Use Tax
No instances of noncompliance with the allowable use of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the *Code of Iowa* were noted.

Pursuant to Chapter 423F.5 of the *Code of Iowa*, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2026, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		$ 13,612,239
Revenue/other financing sources		
Sales tax revenue	$ 4,849,100	
Other local revenue	1,539,533	6,388,633
Expenditures/transfers out		
School infrastructure construction	1,778,193	
Other	348,730	
Transfer to other funds		
Debt service fund	288,113	2,415,036
Ending balance		$ 17,585,836

For the year ended June 30, 2026, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the *Code of Iowa*.