LISBON COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2025

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LISBON COMMUNITY SCHOOL DISTRICT
Officials
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Name	Title	Term Expires
	Board of Education	
Jennifer Caspers	Board President	Nov. 2027
John Prasil	Board Vice President	Nov. 2027
Robyn Richey	Board Member	Nov. 2025
Allan Mallie	Board Member	Nov. 2025
John Baker	Board Member	Nov. 2027
	School Officials	
Autumn Pino	Superintendent	Indefinite
Stacey Matus	Business Manager	Indefinite
Angie Santis	Board Secretary	Indefinite
Ahlers & Cooney, P.C.	Attorney	Indefinite

Kay L. Chapman, CPA PC

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

To the Board of Education of Lisbon Community School District:

Report on the Audit of the Financial Statements

Opinions

I have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Lisbon Community School District, Lisbon, Iowa, as of and for the year ended June 30, 2025, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Lisbon Community School District as of June 30, 2025 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Basis for Disclaimer of Opinion

The financial statements of the Lisbon Community School District Foundation have not been audited, and I was not engaged to audit the Foundation financial statements as part of my audit of the Lisbon Community School District's basic financial statements. The Foundation's financial statements are included in the District's financial statements as a discretely presented component unit. Because I was not engaged to audit the Foundation's financials statements and because I did not apply any auditing procedures to the Foundation's financial statements, I do not express an opinion on the discretely presented component unit.

Disclaimer of Opinion

Because the Foundation's financial statements have not been audited, the scope of my work was not sufficient to enable me to express, and I do not express, an opinion on the financial statements of the discretely presented component unit of the Lisbon Community School District, as of and for the year ended June 30, 2025.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. As a result, June 30, 2024 governmental activities net position was restated.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 6 through 13 and 49 through 55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2024 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 4 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 GAAS. In my opinion, the supplementary information in Schedules 1 through 4 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 9, 2026 on my consideration of Lisbon Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Lisbon Community School District's internal control over financial reporting and compliance.

Kay Chapman

Kay L. Chapman, CPA PC
March 9, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lisbon Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2025. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2025 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from $9,589,036 in fiscal year 2024 to $11,098,545 in fiscal year 2025. General Fund expenditures increased from $10,011,953 in fiscal year 2024 to $10,743,623 in fiscal year 2025. The District's General Fund balance increased from $1,112,064 in fiscal year 2024 to $1,452,489 in fiscal year 2025, an increase of 30%.

- The increase in General Fund revenues of $1,509,509 was attributable to increases in state and local source revenues in fiscal 2025. The increase of $854,667 in expenditures can be attributed to the increased cost of salaries and benefits, and increased building level expenditures.

- The District's solvency ratio (unassigned/General Fund revenues) decreased as compared to fiscal 2024. At June 30, 2024 the District's solvency ratio was 8.26% compared to 10.9% at June 30, 2025.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Lisbon Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental and business type activities services were financed in the short term as well as what remains for future spending. Fund financial statements report Lisbon Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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

2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide

financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities but provides more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and Daycare Fund.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position at June 30, 2025 compared to June 30, 2024.

Figure A-1

Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2025	Restated 2024	2025	2024	2025	Restated 2024	2024-2025
Current and other assets	$ 10,243,074	$ 12,516,263	$ 303,944	$ 602,378	$ 10,547,018	$ 13,118,641	-19.60%
Capital assets	22,025,532	19,633,858	10,586	15,019	22,036,118	19,648,877	12.15%
Total assets	32,268,606	32,150,121	314,530	617,397	32,583,136	32,767,518	-0.56%
Deferred outflows of resources	795,592	862,850	205,776	228,164	1,001,368	1,091,014	-8.22%
Long-term liabilities	17,557,836	18,348,432	549,292	671,491	18,107,128	19,019,923	-4.80%
Other liabilities	1,648,788	1,687,068	228,608	316,135	1,877,396	2,003,203	-6.28%
Total liabilities	19,206,624	20,035,500	777,900	987,626	19,984,524	21,023,126	-4.94%
Deferred inflows of resources	4,104,977	4,082,687	71,210	100,236	4,176,187	4,182,923	-0.16%
Net position							
Net investment in capital assets	8,134,492	8,136,543	10,586	15,019	8,145,078	8,151,562	-0.08%
Restricted	3,508,804	3,250,897	-	-	3,508,804	3,250,897	7.93%
Unrestricted	(1,890,699)	(2,492,656)	(339,390)	(257,320)	(2,230,089)	(2,749,976)	18.91%
Total net position	$ 9,752,597	$ 8,894,784	$ (328,804)	$ (242,301)	$ 9,423,793	$ 8,652,483	8.91%

The District's total net position increased by 9% or $771,310 from the prior year.

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

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased $257,907, or approximately 8%, over the prior year. The increase in restricted net position is mainly attributable to the increase in fund balance of the SAVE, Debt Service and PPEL funds.

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 $519,887, or 19%. This increase in unrestricted net position was a result of increased local source revenues.

Figure A-2 shows the changes in net position for the year ended June 30, 2025 compared to the year ended June 30, 2024.

Figure A-2

Change in Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	Restated	Not Restated	Not Restated	Not Restated	Restated	Not Restated	
Revenues	2025	2024	2025	2024	2025	2024	2024-2025%
Program revenues							
Charges for service	$ 2,372,929	$ 1,831,503	$ 2,180,308	$ 1,794,703	$ 4,553,237	$ 3,626,206	25.56%
Operating grants	1,792,292	1,551,136	288,176	286,729	2,080,468	1,837,865	13.20%
General revenues							
Property tax	3,767,314	3,645,239	-	-	3,767,314	3,645,239	3.35%
Income surtax	85,842	48,926	-	-	85,842	48,926	75.45%
Statewide sales, services and use tax	901,282	884,081	-	-	901,282	884,081	1.95%
Unrestricted state grants	4,406,611	4,140,299	-	-	4,406,611	4,140,299	6.43%
Contributions and donations	6,503	2,229	-	-	6,503	2,229	191.75%
Unrestricted investment earnings	194,581	440,709	7,980	12,450	202,561	453,159	-55.30%
Other	43,634	43,420	-	-	43,634	43,420	0.49%
Total revenues	13,570,988	12,587,542	2,476,464	2,093,882	16,047,452	14,681,424	9.30%
Program expenses							
Governmental activities							
Instruction	7,636,017	7,125,003	-	-	7,636,017	7,125,003	7.17%
Support services	3,477,052	3,271,550	-	-	3,477,052	3,271,550	6.28%
Non-instructional programs	-	-	2,562,967	2,684,358	2,562,967	2,684,358	-4.52%
Other expenses	1,600,106	2,634,962	-	-	1,600,106	2,634,962	-39.27%
Total expenses	12,713,175	13,031,515	2,562,967	2,684,358	15,276,142	15,715,873	-2.80%
Change in net position	857,813	(443,973)	(86,503)	(590,476)	771,310	(1,034,449)	174.56%
Net position beginning of year, as restated	8,894,784	10,606,713	(242,301)	348,175	8,652,483	10,954,888	-21.02%
Net position end of year	$ 9,752,597	$ 10,162,740	$ (328,804)	$ (242,301)	$ 9,423,793	$ 9,920,439	-5.01%

In fiscal year 2025, property tax and unrestricted state grants accounted for approximately 60% of governmental activities revenue while charges for service and sales and operating grants accounted for almost 100% of business type activities revenue. The District's total revenues were $16,047,452, of which $13,570,988 was for governmental activities and $2,476,464 was for business type activities.

As shown in Figure A-2, the District as a whole experienced an increase in revenues of 9% and a 3% decrease in expenses. Revenues due to charges for services, operating grants, property tax revenues, and state grants increased. Expenses due to instruction and support services also increased.

Governmental Activities

Revenues for governmental activities were $13,570,988 and expenses were $12,713,175 for the year ended June 30, 2025.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2025 compared to those expenses for the year ended June 30, 2024.

Figure A-3

Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2025	2024	2024-2025	2025	2024	2024-2025
Instruction	$ 7,636,017	$ 7,125,003	7.2%	$ 4,011,913	$ 4,075,619	-1.6%
Support services	3,477,052	3,271,550	6.3%	3,314,385	3,261,840	1.6%
Other expenses	1,600,106	2,634,962	-39.3%	1,221,656	2,311,417	-47.1%
Total expenses	$ 12,713,175	$ 13,031,515	-2.4%	$ 8,547,954	$ 9,648,876	-11.4%

For the year ended June 30, 2025:

- The cost financed by users of the District's programs was $2,372,929.
- Federal and state governments subsidized certain programs with grants and contributions totaling $1,792,292.
- The net cost of governmental activities was financed with $4,754,438 of property and other taxes and $4,406,611 of unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2025 were $2,476,464 representing an increase of 18% over the prior year, while expenses totaled $2,562,967, a decrease of approximately 5% from the prior year. The District's business type activities include the School Nutrition Fund and Lisbon Early Childhood Center (LECC). Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2025, the District increased meal prices slightly to cover additional costs related to the program. The District considers meal price increases only when deemed necessary to meet the obligations of the School Nutrition Fund and State of Iowa guidelines.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of $4,771,000 compared to $7,090,593 from 2024. The decrease in combined fund balances reflects a decrease in revenue bond funds.

Governmental Fund Highlights

- The District's General Fund financial position is the result of many factors. Increased revenue is partially due to sharing agreements, tuition, property tax revenue, and an increase in state source revenues. Expenditures increased during the year in the instruction and support services expense areas.

- The General Fund balance increased from $1,112,064 in 2024 to $1,452,489 in 2025, due to an increase in state and local source revenues.

- The Capital Projects - Statewide Sales, Services and Use Tax Fund balance increased from $1,967,201 in 2024 to $1,988,567 in 2025 due to increased revenues and transfers out for debt payments.

- The Capital Projects – Construction Projects Fund balance decreased from $2,423,239 in 2024 to $47,791 in 2025 due to ongoing construction expenses.

- The Debt Service fund balance increased from $489,931 in 2024 to $522,882 in 2025 due to increased tax revenues and increased earnings on investments.

Proprietary Fund Highlights

Enterprise Fund net position decreased from $(242,301) at June 30, 2024 to $(328,804) at June 30, 2025, a decrease of approximately 35%. This is due to program growth and increased expenditures.

BUDGETARY HIGHLIGHTS

Over the course of the year, Lisbon Community School District amended its budget one time to reflect increase in operational costs, increase in salaries and benefits, and timing of construction project expenditures.

The District's total revenues were $412,608 more than budgeted revenues, a variance of approximately 2%. The most significant variance resulted from the District receiving more in property tax revenue, revenue from tuition, state sources, and more in miscellaneous income than originally anticipated.

Total expenditures were $241,850 less than budgeted, due primarily to construction expenses not yet incurred.

In spite of the District's budgetary practice, expenditures in the instruction functional area exceeded the amount budgeted due to increased salaries and benefits.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the District had invested $22,036,118 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-4) This represents a net decrease of 2% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was $663,918 for governmental activities and $4,433 for business type activities.

The original cost of the District's capital assets was $32,233,689. Governmental funds account for $32,023,804, with the remainder of $209,885 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category which increased from $2,146,295 in 2024 to $4,414,440 in 2025. This increase was a result of the ongoing Career and Tech ED (CTE) expansion project.

Figure A-4

Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2025	2024	2025	2024	2025	2024	2024-2025
Land	$ 616,395	$ 616,395	$ -	$ -	$ 616,395	$ 616,395	0.00%
Construction in progress	4,414,440	2,146,295	-	-	4,414,440	2,146,295	105.68%
Buildings and improvements	15,880,570	16,351,904	-	-	15,880,570	16,351,904	-2.88%
Improvements, other than buildings	307,222	344,354	-	-	307,222	344,354	-10.78%
Furniture and equipment	330,275	174,910	10,586	15,019	340,861	189,929	79.47%
Equipment purchased through direct borrowing	476,630	-	-	-	476,630	-	100.00%
Totals	$22,025,532	$19,633,858	$10,586	$15,019	$22,036,118	$19,648,877	12.15%

Long-Term Debt

At June 30, 2025, the District had $18,107,128 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of approximately 5% from last year (see Figure A-5). Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 % of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately $11 million.

Figure A-5

Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
		Restated	
Governmental activities	2025	2024	2024-2025
General obligation bonds	$ 6,035,000	$ 6,710,000	-10.06%
Revenue bonds	7,315,000	7,620,000	-4.00%
Equipment purchase agreements	541,040	130,058	316.00%
Termination benefits	20,948	41,897	-50.00%
Compensated absences	1,408,840	1,303,898	8.05%
Net pension liability	1,927,214	2,229,630	-13.56%

Total OPEB liability	309,794	312,949	-1.01%
	17,557,836	18,348,432	-4.31%
Business type activities			
Compensated absences	10,019	10,019	0.00%
Net pension liability	459,149	537,367	-14.56%
Total OPEB liability	80,124	124,105	-35.44%
	549,292	671,491	-18.20%
Totals	$ 18,107,128	$19,019,923	-4.80%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Outsourcing of the Lisbon Early Childhood Center (LECC), beginning July 1, 2025 should not affect student enrollment, as Champions still runs their childcare operation out of the same wing of the school district. The District will continue to partner with Champions to ensure a successful early childhood program.

- The Lisbon School District will continue to focus on attracting students through the continued growth of the 4-year-old state-funded preschool program, additional class offerings at the secondary level, and sharing opportunities with other districts.

- The decreased amount of supplemental state aid will continue to have a major impact on the District's finances, as the cost of salaries and benefits and operating expenses continue to increase annually.

- A shortage of available housing within the Lisbon School District boundaries will continue to have a negative impact on enrollment. Open enrollment numbers remain healthy, which helps to offset the negative housing impact.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Stacey Matus, District Business Manager, Lisbon Community School District, PO Box 839, 235 West School Street, Lisbon, Iowa, 52253.

Basic Financial Statements

LISBON COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

Exhibit A

Assets	Governmental Activities	Business Type Activities	Total	Component Unit Foundation
Cash, cash equivalents and pooled investments	$ 4,613,123	$ 513,259	$ 5,126,382	$ 616,371
Receivables				
Property tax				
Delinquent	32,552	-	32,552	-
Succeeding year	3,829,662	-	3,829,662	-
Accounts receivable	21,923	-	21,923	-
Income surtaxes	44,678	-	44,678	-
Due from other governments	1,419,328	67,470	1,486,798	-
Internal balances	281,808	(281,808)	-	-
Inventories	-	5,023	5,023	-
Capital assets not being depreciated	5,030,835	-	5,030,835	-
Capital assets net of accumulated depreciation	16,994,697	10,586	17,005,283	-
Total assets	32,268,606	314,530	32,583,136	616,371
Deferred Outflows of Resources				
Pension related deferred outflows	795,592	205,776	1,001,368	-
Liabilities				
Accounts payable	875,373	41,941	917,314	-
Due to other governments	159,540	-	159,540	-
Salaries and benefits payable	556,436	146,014	702,450	-
Unearned revenue	-	40,653	40,653	-
Accrued interest payable	57,439	-	57,439	-
Long-term liabilities				
Portion due within one year				
General obligation bonds payable	430,000	-	430,000	-
Revenue bonds payable	320,000	-	320,000	-
Equipment purchase agreements payable	135,260	-	135,260	-
Termination benefits payable	20,948	-	20,948	-
Total OPEB liability	20,182	-	20,182	-
Portion due after one year				
General obligation bonds payable	5,605,000	-	5,605,000	-
Revenue bonds payable	6,995,000	-	6,995,000	-
Equipment purchase agreements payable	405,780	-	405,780	-
Compensated absences	1,408,840	10,019	1,418,859	-
Net pension liability	1,927,214	459,149	2,386,363	-
Total OPEB liability	289,612	80,124	369,736	-
Total liabilities	19,206,624	777,900	19,984,524	-

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT

Exhibit A

Statement of Net Position

June 30, 2025

	Governmental Activities	Business Type Activities	Total	Component Unit Foundation
Deferred Inflows of Resources				
Unavailable property tax revenue	$ 3,829,662	$ -	$ 3,829,662	$ -
Pension related deferred inflows	275,315	71,210	346,525	-
Total deferred inflows of resources	4,104,977	71,210	4,176,187	-
Net Position				
Net investment in capital assets	8,134,492	10,586	8,145,078	-
Restricted for				
Categorical funding	268,680	-	268,680	-
Management levy	416,812	-	416,812	-
Physical plant and equipment	138,796	-	138,796	-
Student activities	182,715	-	182,715	-
Debt services	465,443	-	465,443	-
School infrastructure	2,036,358	-	2,036,358	-
Assigned for scholarships	-	-	-	616,371
Unrestricted	(1,890,699)	(339,390)	(2,230,089)	-
Total net position	$ 9,752,597	$ (328,804)	$ 9,423,793	$ 616,371

See notes to financial statements.

Exhibit B

LISBON COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total	Foundation
Primary Government								
Governmental activities								
Instruction								
Regular instruction	$ 5,445,457	$ 1,218,519	$ 1,410,684	$ -	$ (2,816,254)	$ -	$ (2,816,254)	
Special instruction	1,182,791	683,389	-	-	(499,402)	-	(499,402)	
Other instruction	1,007,769	311,512	-	-	(696,257)	-	(696,257)	
	7,636,017	2,213,420	1,410,684	-	(4,011,913)	-	(4,011,913)	
Support services								
Student	237,865	20,455	-	-	(217,410)	-	(217,410)	
Instructional staff	466,094	-	-	-	(466,094)	-	(466,094)	
Administration	1,080,256	118,121	-	-	(962,135)	-	(962,135)	
Operation and maintenance of plant	1,387,987	-	-	-	(1,387,987)	-	(1,387,987)	
Transportation	304,850	20,933	3,158	-	(280,759)	-	(280,759)	
	3,477,052	159,509	3,158	-	(3,314,385)	-	(3,314,385)	
Other expenses								
Facilities acquisition	269,846	-	105,988	-	(163,858)	-	(163,858)	
Long-term debt interest	503,730	-	-	-	(503,730)	-	(503,730)	
AEA flowthrough	272,462	-	272,462	-	-	-	-	
Depreciation(unallocated) *	554,068	-	-	-	(554,068)	-	(554,068)	
	1,600,106	-	378,450	-	(1,221,656)	-	(1,221,656)	
Total governmental activities	12,713,175	2,372,929	1,792,292	-	(8,547,954)	-	(8,547,954)	

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

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2025

Exhibit B

Functions/Programs (continued)		Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
					Primary Government			
Primary Government (continued)	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total	Foundation
Business type activities								
Non-instructional programs								
Daycare program	$ 1,849,121	$ 1,553,201	$ 90,870	$ -	$ -	$(205,050)	$ (205,050)	
Food service operations	713,846	627,107	197,306	-	-	110,567	110,567	
Total business type activities	2,562,967	2,180,308	288,176	-	-	(94,483)	(94,483)	
Total primary government	$15,276,142	$ 4,553,237	$ 2,080,468	$ -	(8,547,954)	(94,483)	(8,642,437)	
Component Unit								
Foundation								$ (35,161)
General Revenues								
Property tax levied for								
General purposes					2,629,427	-	2,629,427	-
Debt service					912,021	-	912,021	-
Capital outlay					225,866	-	225,866	-
Income surtax					85,842	-	85,842	-
Statewide sales, services and use tax					901,282	-	901,282	-
Unrestricted state grants					4,406,611	-	4,406,611	-
Contributions and donations					6,503	-	6,503	15,660
Unrestricted investment earnings					194,581	7,980	202,561	48,452
Miscellaneous					43,634	-	43,634	-
Total general revenues					9,405,767	7,980	9,413,747	64,112
Change in net position					857,813	(86,503)	771,310	28,951
Net position beginning of year, as restated					8,894,784	(242,301)	8,652,483	587,420
Net position end of year					$ 9,752,597	$(328,804)	$ 9,423,793	$ 616,371

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT

Exhibit C

Balance Sheet

Governmental Funds

June 30, 2025

	Capital Projects					
Assets	General	Statewide Sales, Service and Use Tax	Construction Project	Debt Service	Nonmajor Governmental Funds	Total
Cash and cash equivalents	$1,068,538	$1,922,802	$ 351,014	$ 516,679	$ 747,705	$ 4,606,738
Receivables						
Property tax						
Delinquent	22,879	-	-	7,753	1,920	32,552
Succeeding year	2,568,040	-	-	837,778	423,844	3,829,662
Accounts receivable	6,647	-	-	-	15,276	21,923
Income surtax	44,678	-	-	-	-	44,678
Due from other governments	1,324,813	94,515	-	-	-	1,419,328
Due from other funds	281,808	-	-	-	-	281,808
Total assets	$5,317,403	$2,017,317	$ 351,014	$ 1,362,210	$ 1,188,745	$10,236,689
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	$ 536,371	$ 28,750	$ 303,223	$ 1,550	$ 5,479	$ 875,373
Salaries and benefits payable	556,285	-	-	-	151	556,436
Due to other governments	159,540	-	-	-	-	159,540
Total liabilities	1,252,196	28,750	303,223	1,550	5,630	1,591,349
Deferred inflows of resources						
Unavailable revenue						
Succeeding year property tax	2,568,040	-	-	837,778	423,844	3,829,662
Income surtax	44,678	-	-	-	-	44,678
Total deferred inflows of resources	2,612,718	-	-	837,778	423,844	3,874,340
Fund balances						
Restricted for						
Categorical funding	268,680	-	-	-	-	268,680
School infrastructure	-	1,988,567	47,791	-	-	2,036,358
Debt service	-	-	-	522,882	-	522,882
Student activities	-	-	-	-	182,715	182,715
Management levy purposes	-	-	-	-	437,760	437,760
Physical plant and equipment	-	-	-	-	138,796	138,796
Unassigned	1,183,809	-	-	-	-	1,183,809
Total fund balances	1,452,489	1,988,567	47,791	522,882	759,271	4,771,000
Total liabilities, deferred inflows of resources and fund balances	$5,317,403	$2,017,317	$ 351,014	$ 1,362,210	$ 1,188,745	$10,236,689

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds

to the Statement of Net Position

June 30, 2025

Exhibit D

Total fund balances of governmental funds		$ 4,771,000
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		22,025,532
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		44,678
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.		(57,439)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	$ 795,592	
Deferred inflows of resources	(275,315)	520,277
The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.		6,385
Long-term liabilities, including equipment purchase agreements payable, compensated absences payable, bonds payable, early retirement payable, other postemployment benefits payable and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(17,557,836)
Net position of governmental activities		$ 9,752,597

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT

Exhibit E

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

		Capital Projects				
Revenues	General	Statewide Sales, Service and Use Tax	Construction Project	Debt Service	Nonmajor Governmental Funds	Total
Local sources						
Local tax	$ 2,720,870	$ -	$ -	$ 898,369	$ 222,485	$ 3,841,724
Tuition	2,061,418	-	-	-	-	2,061,418
Other	76,353	65,821	65,336	23,198	325,410	556,118
State sources	6,012,319	901,282	-	13,652	3,381	6,930,634
Federal sources	227,585	-	-	-	-	227,585
Total revenues	11,098,545	967,103	65,336	935,219	551,276	13,617,479
Expenditures						
Current						
Instruction						
Regular	5,617,592	-	-	-	-	5,617,592
Special	1,224,460	-	-	-	-	1,224,460
Other	678,512	-	-	-	364,760	1,043,272
	7,520,564	-	-	-	364,760	7,885,324
Support services						
Student	248,527	-	-	-	-	248,527
Instructional staff	331,833	-	-	-	139,391	471,224
Administration	1,108,102	-	-	-	8,357	1,116,459
Operation and maintenance of plant	1,022,351	7,500	-	-	370,041	1,399,892
Transportation	239,784	192,141	-	-	29,446	461,371
	2,950,597	199,641	-	-	547,235	3,697,473
Other expenditures						
Facilities acquisition	-	28,750	2,440,784	-	122,723	2,592,257
Long-term debt						
Principal	-	-	-	1,110,058	-	1,110,058
Interest and fiscal charges	-	-	-	509,556	-	509,556
AEA flowthrough	272,462	-	-	-	-	272,462
	272,462	28,750	2,440,784	1,619,614	122,723	4,484,333
Total expenditures	10,743,623	228,391	2,440,784	1,619,614	1,034,718	16,067,130

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT

Exhibit E

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

		Capital Projects				
	General	Statewide Sales, Service and Use Tax	Construction Project	Debt Service	Nonmajor Governmental Funds	Total
Excess (deficiency) of revenues over (under) expenditures	$ 354,922	$ 738,712	$ (2,375,448)	$ (684,395)	$ (483,442)	$ (2,449,651)
Other financing sources (uses)						
Proceeds from capital leases	-	-	-	-	130,058	130,058
Transfers in	-	-	-	717,346	14,497	731,843
Transfers (out)	(14,497)	(717,346)	-	-	-	(731,843)
Total other financing sources (uses)	(14,497)	(717,346)	-	717,346	144,555	130,058
Change in fund balances	340,425	21,366	(2,375,448)	32,951	(338,887)	(2,319,593)
Fund balance, beginning of year	1,112,064	1,967,201	2,423,239	489,931	1,098,158	7,090,593
Fund balance, end of year	$ 1,452,489	$1,988,567	$ 47,791	$ 522,882	$ 759,271	$ 4,771,000

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT

Exhibit F

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2025

Change in fund balances - total governmental funds		$(2,319,593)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. These costs are not reported in the Statement of Activities, but they are allocated over the estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense in the current year are as follows:		
Expenditures for capital assets	$3,055,592	
Depreciation expense	(663,918)	2,391,674
Because some revenues will not be collected for several months after the year end, they are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds, as follows:		
Other		(46,602)
The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.		(579)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments are as follows:		
Issued	(541,040)	
Repaid	1,110,058	569,018
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Termination benefits	20,949	
Compensated absences	(104,942)	
Pension expense	(284,610)	
Other postemployment benefits	3,155	(365,448)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		5,826
The current year District IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.		623,517
Change in net position of governmental activities		$ 857,813

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT

Exhibit G

Statement of Net Position

Proprietary Funds

June 30, 2025

	Business Type Activity			Governmental Activity
	Major	Nonmajor	Total	Internal
	LECCEC	School	Enterprise	Service
Assets	(Daycare)	Nutrition	Funds	Fund
Current assets				
Cash and cash equivalents	$ 111,708	$401,551	$ 513,259	$6,385
Due from other governments	28,201	39,269	67,470	-
Inventories	3,369	1,654	5,023	-
Total current assets	143,278	442,474	585,752	6,385
Noncurrent assets				
Capital assets, net of accumulated depreciation	7,949	2,637	10,586	-
Total assets	151,227	445,111	596,338	6,385
Deferred Outflows of Resources				
Pension related deferred outflows	170,614	35,162	205,776	-
Liabilities				
Current liabilities				
Due to other funds	281,808	-	281,808	$ -
Accounts payable	40,917	1,024	41,941	-
Accrued salaries and benefits	126,786	19,228	146,014	-
Unearned revenue	-	40,653	40,653	-
Total current liabilities	449,511	60,905	510,416	-
Noncurrent liabilities				
Compensated absences	10,019	-	10,019	-
Total OPEB liability	66,434	13,690	80,124	-
Net pension liability	355,084	104,065	459,149	-
Total noncurrent liabilities	431,537	117,755	549,292	-
Total liabilities	881,048	178,660	1,059,708	-
Deferred Inflows of Resources				
Pension related deferred inflows	59,042	12,168	71,210	-
Net Position				
Net investment in capital assets	7,949	2,637	10,586	-
Unrestricted	(626,198)	286,808	(339,390)	6,385
Total net position	$ (618,249)	$289,445	$ (328,804)	$6,385

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT

Exhibit H

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2025

	Business Type Activity			Governmental Activity
	Major LECCEC (Daycare)	Nonmajor School Nutrition	Total Enterprise Funds	Internal Service Fund
Operating revenue				
Local sources				
Charges for service	$1,553,201	$ 627,107	$2,180,308	$ -
Employee contributions	-	-	-	13,719
Total operating revenue	1,553,201	627,107	2,180,308	13,719
Operating expenses				
Non-instructional programs				
Food service operations				
Salaries	-	238,093	238,093	-
Benefits	-	51,473	51,473	-
Purchased services	-	2,189	2,189	-
Supplies	-	418,794	418,794	-
Depreciation	-	3,297	3,297	-
	-	713,846	713,846	-
Daycare program				
Salaries	1,277,618	-	1,277,618	-
Benefits	275,654	-	275,654	-
Supplies	294,713	-	294,713	-
Depreciation	1,136	-	1,136	-
	1,849,121	-	1,849,121	-
Other enterprise				
Benefits	-	-	-	14,409
Total non-instructional programs	1,849,121	713,846	2,562,967	14,409
Total operating expenses	1,849,121	713,846	2,562,967	14,409
Operating (loss)	(295,920)	(86,739)	(382,659)	(690)
Non-operating revenues				
Interest income	2,053	5,927	7,980	111
Intermediate sources	17,976	-	17,976	-
State sources	-	1,275	1,275	-
Federal sources	72,894	196,031	268,925	-
Total non-operating revenues	92,923	203,233	296,156	111
Change in net position	(202,997)	116,494	(86,503)	(579)
Net position beginning of year	(415,252)	172,951	(242,301)	6,964
Net position end of year	$ (618,249)	$ 289,445	$ (328,804)	$ 6,385

See notes to financial statements.

LISBON COMMUNITY SCHOOL DISTRICT

Exhibit I

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2025

	Business Type Activity			Governmental Activity
	Major LECCEC (Daycare)	Nonmajor School Nutrition	Total Enterprise Funds	Internal Service Fund
Cash flows from operating activities				
Cash received from sale of services	$ 1,553,201	$ 680,254	$ 2,233,455	$ -
Cash received from other operations	-	-	-	13,719
Cash provided by payments to employees for services	(1,360,541)	(316,496)	(1,677,037)	(14,409)
Cash provided by payments to suppliers for goods and services	(372,950)	(443,737)	(816,687)	-
Net cash (used in) operating activities	(180,290)	(79,979)	(260,269)	(690)
Cash flows from non-capital financing activities				
Intermediate grants received	17,976	-	17,976	-
State grants received	-	1,275	1,275	-
Federal grants received	54,553	126,815	181,368	-
Net cash provided by non-capital financing activities	72,529	128,090	200,619	-
Cash flows from capital and related financing activities	-	-	-	-
Cash flows from investing activities				
Interest on investments	2,053	5,927	7,980	111
Net increase (decrease) in cash and cash equivalents	(105,708)	54,038	(51,670)	(579)
Cash and cash equivalents, beginning of year	217,416	347,513	564,929	6,964
Cash and cash equivalents, end of year	$ 111,708	$ 401,551	$ 513,259	$ 6,385
Reconciliation of operating (loss) to net cash (used in) operating activities				
Operating (loss)	$ (295,920)	$ (86,739)	$ (382,659)	$ (690)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities				
Depreciation	1,136	3,297	4,433	-
Commodities used	-	33,251	33,251	-
Change in assets and liabilities:				
Accounts receivable	-	19,958	19,958	-
Inventories	(449)	(247)	(696)	-
Deferred outflows of resources	17,913	4,475	22,388	-
Net pension liability	(64,852)	(13,366)	(78,218)	-
Deferred inflows of resources	(23,781)	(5,245)	(29,026)	-
OPEB liability	(29,618)	(14,363)	(43,981)	
Accounts payable	(77,787)	(24,138)	(101,925)	-
Due to other governments	-	(31,620)	(31,620)	-
Due to other funds	281,808	-	281,808	-
Unearned revenue	-	33,189	33,189	-
Accrued salaries and benefits	11,260	1,569	12,829	-
Net cash (used in) operating activities	$ (180,290)	$ (79,979)	$ (260,269)	$ (690)

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2025, the District received $33,251 of federal commodities.

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Lisbon Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Lisbon Community School District has one component unit which meets the Governmental Accounting Standards Board criteria.

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

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

Jointly Governed Organization

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

B. Basis of Presentation

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

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.
Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The District reports the following major governmental funds:

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

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

The Capital Projects Construction Project Fund is used to account for all resources used in the construction project of the District.

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

The District reports one major proprietary fund. The LECCEC (Daycare) Fund is used to account for child care services provided by the District.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program.

It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2023 assessed property valuations; is for the tax accrual period July 1, 2024 through June 30, 2025 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2024.

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

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

Capital Assets - Capital assets are tangible assets, which include property, furniture and equipment and are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused sick and family illness leave and personal leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when each of the following have occurred: the leave is attributable to services already rendered, the leave accumulates and carries forward from one reporting period to the next and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2025.

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

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

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

Total OPEB Liability - For purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on the Lisbon District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental and business type activities will be paid primarily by the General Fund and the Enterprise, LECCEC (Daycare) Fund and the Enterprise, School Nutrition Fund.

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

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

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

Net position restricted through enabling legislation includes $138,796 for physical plant and equipment, $182,715 for student activities, $2,036,358 for school infrastructure and $416,812 for management levy purposes.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2025, expenditures in the instruction function exceeded the amount budgeted.

F. Estimates

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

Note 2. Cash, Cash Equivalents and Pooled Investments

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

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

At June 30, 2025, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of $351,014. There were no limitations or restrictions on withdrawals of the ISJIT investment. The investments with ISJIT were rated AAAm by Standard & Poor's Financial Services.

Component Unit Investments - The Foundation had investments in mutual funds totaling $616,371 at June 30, 2025.

Note 3. Due From and Due to Other Funds

Details of interfund receivables and payables at June 30, 2025 are as follows:

Receivable Fund	Payable Fund	Amount
Major Governmental	Major Enterprise	
General	LECCEC (Daycare)	$ 281,808

The LECCEC (Daycare) Fund owes the General Fund for salaries and benefits. This is expected to be repaid during the year ending June 30, 2026.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2025 is as follows:

Transfer to	Transfer from	Amount
Major Governmental	Major Capital Projects	
Debt Service	Statewide Sales, Services and Use Tax	$ 717,346

Nonmajor Special Revenue Student Activities	Major Governmental General	14,497
		$ 731,843

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

Note 5. Capital Assets

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

Governmental activities	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Capital assets not being depreciated				
Land	$ 616,395	$ -	$ -	$ 616,395
CIP	2,146,295	2,268,145	-	4,414,440
Total capital assets, not being depreciated	2,762,690	2,268,145	-	5,030,835
Capital assets being depreciated	23,826,411	15,482	-	23,841,893
Buildings & improvements	929,189	6,959	-	936,148
Improvements other than buildings	1,449,922	223,966	-	1,673,888
Equipment purchased through direct borrowing	-	541,040	-	541,040
Furniture and equipment	26,205,522	787,447	-	26,992,969
Total capital assets being depreciated				
Less accumulated depreciation for:	7,474,507	486,816	-	7,961,323
Buildings and improvements	584,835	44,091	-	628,926
Improvements other than buildings	1,275,012	68,601	-	1,343,613
Equipment purchased through direct borrowing	-	64,410	-	64,410
Furniture and equipment	9,334,354	663,918	-	9,998,272
Total capital assets being depreciated, net	16,871,168	123,529	-	16,994,697
Governmental activities capital assets, net	$ 19,633,858	$ 2,391,674	$ -	$ 22,025,532

Business type activities				
Furniture and equipment	$ 209,885	$ -	$ -	$ 209,885
Less accumulated depreciation	194,866	4,433	-	199,299
Business type activities capital assets, net	$ 15,019	$ (4,433)	$ -	$ 10,586

Depreciation expense was charged to the following functions:

Governmental activities	
Instruction	
Regular	$ 64,410
Support services	
Operation and maintenance of plant	$ 1,019
Transportation	44,421
	109,850
Unallocated	554,068
Total governmental activities depreciation expense	$ 663,918

Business-type activities	
Food services	$ 3,297
Preschool program	1,136
Total business-type activities	$ 4,433

Note 6. Long-term Liabilities

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

	Restated Balance, Beginning of Year,	Additions	Reductions	Balance, End of Year	Due Within One Year
Governmental activities					
General obligation bonds	$ 6,710,000	$ -	$ 675,000	$ 6,035,000	$ 430,000
Revenue bonds	7,620,000	-	305,000	7,315,000	320,000
Equipment purchase agreements direct borrowing	130,058	541,040	130,058	541,040	135,260
Termination benefits	41,897	-	20,949	20,948	20,948
Compensated absences *	1,303,898	104,942	-	1,408,840	-
Net pension liability	2,229,630	-	302,416	1,927,214	-
Total OPEB liability	312,949	-	3,155	309,794	20,182
Totals	$ 18,348,432	$ 645,982	$1,436,578	$17,557,836	$ 926,390
Business type activities					
Compensated absences	$ 10,019	$ -	$ -	$ 10,019	$ -
Net pension liability	537,367	-	78,218	459,149	-
Total OPEB liability	124,105	-	43,981	80,124	-
Totals	$ 671,491	$ -	$ 122,199	$ 549,292	$ -

* The change in compensated absences liability is presented as a net change.

Interest costs incurred and charged to expense on all long-term debt was $503,730 for the year ended June 30, 2025. During the year ended June 30, 2025, the District made principal payments on total long-term debt of $1,110,058.

Termination Benefits

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

At June 30, 2025 the District had obligations to one retiree for a total of $20,948.

General Obligation Bonds

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

Year Ending June 30,	Bond Issue of May 16, 2018			
	Interest Rates	Principal	Interest	Total
2026	3.00%	$ 430,000	$ 181,962	$ 611,962
2027	3.00%	445,000	169,062	614,062
2028	3.00%	460,000	155,712	615,712
2029	3.00%	475,000	141,911	616,911
2030	3.00%	490,000	127,662	617,662
2031-2035	3.00-3.25%	2,515,000	414,190	2,929,190
2036-2038	3.25-3.50%	1,220,000	48,432	1,268,432
Totals		$6,035,000	$1,238,931	$ 7,273,931

Bond Refunding

In August 2022, the District issued $8,190,000 of school infrastructure sales, services and use tax revenue bonds current refunding bonds with an interest rate of 3.66%. The District issued the bonds to refund $2,360,000 of the outstanding October 2020 school infrastructure sales, services and use tax revenue bonds with interest rates ranging from 1.05% to 1.35%. The District used the net proceeds to call and pay the balance of the 2020 bond issue on October 21, 2022.

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

Revenue Bonds

Details of the District's June 30, 2025 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year	Bond Issue of August 24, 2022			
Ending	Interest			
June 30,	Rates	Principal	Interest	Total
2026	3.66%	$ 320,000	$ 267,729	$ 587,729
2027	3.66%	330,000	256,017	586,017
2028	3.66%	340,000	243,939	583,939
2029	3.66%	355,000	231,495	586,495
2030	3.66%	365,000	218,502	583,502
2031-2035	3.66%	2,050,000	881,145	2,931,145
2036-2040	3.66%	2,445,000	477,996	2,922,996
2041-2042	3.66%	1,110,000	61,305	1,171,305
Totals		$ 7,315,000	$ 2,638,128	$ 9,953,128

The District has pledged future statewide sales, services and use tax revenues to repay the $8,190,000 of bonds issued August 24, 2022. The bonds were issued for the purpose of refunding the statewide sales, services and use tax bond issued October 2020, with the remainder of the proceeds being used for the construction project. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2042. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 65% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is $9,953,128 at June 30, 2025. For the current year, principal of $305,000 and $278,892 of interest was paid on the bonds. Total statewide sales, services and use tax revenues were $901,282 for the year ended June 30, 2025.

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

a) $0 representing pre-issuance accrued interest will be deposited into the Bond Fund and will be used to pay a portion of the interest accruing on the bonds on the first interest payment date; and
b) $96,210 representing costs of issuing the bonds will be used within six months of the closing date to pay the costs of issuance of the bonds (with any excess remaining deposited into the Project Fund); and
c) $5,733,790 of the new money portion of the bonds will be deposited into the Project Fund and will be used, together with earnings thereon, to pay the costs of the Project and will not exceed the amount necessary to accomplish the governmental purposes of

the bonds.

d) $2,364,821.42 (which includes $2,360,000 from the current refunding portion of the bond proceeds plus $4,821.42 from the Bond Sinking Fund for the refunded bonds and NOT from bond proceeds) will be deposited in the Escrow Fund and used together with earnings thereon to pay the principal, interest and redemption premium, if any, on the refunded bonds, which were redeemed on September 1, 2023.

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

Equipment Purchase Agreements - Direct Borrowings

On January 15, 2025, the District entered into an equipment purchase agreement for the purchase of student computers. The agreement bears interest at 0%. Four payments of $135,260 are due annually beginning July 15, 2025.

Details of the District's June 30, 2025 equipment purchase agreement indebtedness are as follows:

Year	Computer Purchase Agreement			
Ending	Interest			
June 30,	Rates	Principal	Interest	Total
2026	0.00%	$ 135,260	$ -	$ 135,260
2027	0.00%	135,260	-	135,260
2028	0.00%	135,260	-	135,260
2029	0.00%	135,260	-	$ 135,260
Totals		$ 541,040	$ -	$ 541,040

Note 7. Pension Plan

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

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

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits.

Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

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

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

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

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

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

In fiscal year 2025, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2025 totaled $623,517.

<u>Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u> - At June 30, 2025, the District reported a liability of

$2,386,363 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2024, the District's proportion was 0.064622%, which was an increase of 0.004655% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of $338,907. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 189,885	$ 1,482
Changes of assumptions	-	33
Net difference between projected and actual earnings on IPERS' investments	29,846	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	157,834	345,010
District contributions subsequent to the measurement date	623,803	-
Total	$ 1,001,368	$ 346,525

$623,803 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2026	$ (384,143)
2027	523,297
2028	(36,842)
2029	(83,567)
2030	12,295
Total	$ 31,040

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	21.0 %	3.52 %
International equity	13.0	5.18
Global smart beta equity	5.0	4.12
Core plus fixed income	25.5	3.04
Public credit	3.0	4.53
Cash	1.0	1.69
Private equity	17.0	8.89
Private real assets	9.0	4.25
Private credit	5.5	6.62
Total	100.0 %	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$5,856,093	$2,386,363	$(519,553)

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

Payables to IPERS - At June 30, 2025, the District reported no payables to IPERS for legally required District contributions nor for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

Note 8. Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	85
Total	85

Total OPEB Liability - The District's total OPEB liability of $389,918 was measured as of June 30, 2025 and was determined by an actuarial valuation as of that date.

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

Rate of inflation (effective June 30, 2025)	3.00% per annum.
Rates of salary increase (effective June 30, 2025)	3.50% per annum.
Discount rate (effective June 30, 2025)	5.20% per annum.
Healthcare cost trend rate (effective June 30, 2025)	7.75% for FY24, grading down to an ultimate rate of 4%

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

Mortality rates are from the PUB-2010 generational table, scaled using MP-2021 and applied on a gender-specific basis. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	$ 437,054
Changes for the year:	
Service cost	49,153
Interest	18,711
Changes in assumptions	(94,818)
Benefit payments	(20,182)
Net changes	(47,138)
Total OPEB liability end of year	$ 389,918

Changes of assumptions reflect a change in the discount rate from 3.93% in fiscal year 2024 to 5.20% in fiscal year 2025.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (4.20%) or 1% higher (6.20%) than the current discount rate.

	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	$470,000	$389,918	$326,000

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District as what the District's total OPEB liability would be it were calculated using healthcare cost trend rates that are 1% lower (6.73%) or 1% higher (8.73%) than the current healthcare cost trend rates.

	1% Decrease (6.73%)	Healthcare Cost Trend Rate (7.73%)	1% Increase (8.73%)
Total OPEB liability	$466,000	$389,918	$328,000

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2025, the District recognized OPEB benefit of $47,136. At June 30, 2025 the District reported no deferred inflows or outflows of resources related to OPEB.

Note 9. Risk Management

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

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled $272,462 for the year ended June 30, 2025 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2025, significant amounts of grant expenditures have not been audited by granting authorities, but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Note 12. Deficit Net Position

The District's had the following deficits at June 30, 2025:

Unrestricted net position, governmental activities	$1,890,699
Unrestricted net position, business type activities	$ 339,390
Total net position, business type activities	$ 328,804
Unrestricted net position, total activities	$2,230,089

Unrestricted net position, total enterprise funds LECCEC	$ 626,198
Total net position, total enterprise funds LECCEC	$ 618,249
Unrestricted net position, total enterprise funds	$ 339,390
Total enterprise funds, total net position	$ 328,804

Note 13. Categorical Funding

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

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2025.

Program	Amount
Home school assistance	$ 24,679
Gifted and talented	24,825
Teacher leadership	88,476
Statewide voluntary preschool	120,130
Foster care program	6,057
Teacher salary supplement	4,354
Early intervention	83
Educator quality, professional development	76
	$ 268,680

Note 14. Tax Abatements

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

Tax Abatements of Other Entities

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Lisbon offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.
Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2025 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Lisbon	Economic development projects	$21,170

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times $5.40 per $1,000 of taxable valuation. For the year ended June 30, 2025, this reimbursement amounted to $10,618.

Note 15. Change in Area Education Agency Funding

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

Note 16. Construction Commitment

The District entered into contracts totaling $5,325,460 for a new Career & Tech Education addition, as well as upgrades to current facilities. As of June 30, 2025, costs of $5,059,187 had been incurred against the contracts. The remaining balance of $266,273 remaining at June 30, 2025 is for retainage and will be paid when the project is finalized and the punch list approved.

Note 17. Restatement

During the year ended June 30, 2025 the District implemented GASB Statement No. 101, *Compensated Absences,* which required the District to restate net position as of June 30, 2024 as follows:

	Governmental Activities
Balances June 30, 2024, as previously reported	$ 10,162,740
Changes to implement GASB Statement No. 101	(1,267,956)
Balances June 30, 2024, as restated	$ 8,894,784

Note 18. Subsequent Events

The District has evaluated subsequent events through March 9, 2026 which is the date that the financial statements were available to be issued. In July 2025, the District discontinued operation of the LECCEC (Daycare) Fund and sold the equipment that would not be used in other areas of the District.

Required Supplementary Information

LISBON COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual

All Governmental Funds and Enterprise Funds

Required Supplementary Information

For the Year Ended June 30, 2025

	Governmental Funds Actual	Enterprise Funds Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Revenues						
Local sources	$ 6,459,260	$2,188,288	$ 8,647,548	$ 8,100,588	$ 8,100,588	$ 546,960
Intermediate sources	-	17,976	17,976	-	-	17,976
State sources	6,930,634	1,275	6,931,909	6,825,747	6,825,747	106,162
Federal sources	227,585	268,925	496,510	755,000	755,000	(258,490)
Total revenues	13,617,479	2,476,464	16,093,943	15,681,335	15,681,335	412,608
Expenditures/Expenses						
Instruction	7,885,324	-	7,885,324	7,250,000	7,600,000	(285,324)
Support services	3,697,473	-	3,697,473	3,811,000	3,811,000	113,527
Non-instructional programs	-	2,562,967	2,562,967	2,385,000	2,710,000	147,033
Other expenditures	4,484,333	-	4,484,333	2,670,447	4,750,947	266,614
Total expenditures/expenses	16,067,130	2,562,967	18,630,097	16,116,447	18,871,947	241,850
(Deficiency) of revenues (under) expenditures	(2,449,651)	(86,503)	(2,536,154)	(435,112)	(3,190,612)	654,458
Net other financing sources	130,058	-	130,058	810,000	810,000	(679,942)
Change in fund balance	(2,319,593)	(86,503)	(2,406,096)	374,888	(2,380,612)	(25,484)
Balance, beginning of year	7,090,593	(242,301)	6,848,292	11,501,461	11,501,461	(4,653,169)
Balance, end of year	$ 4,771,000	$ (328,804)	$ 4,442,196	$11,876,349	$ 9,120,849	$ (4,678,653)

See accompanying Independent Auditor's Report.

LISBON COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2025

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2025, the District adopted one budget amendment, increasing budgeted expenditures by $2,755,500.

During the year ended June 30, 2025, expenditures in the instruction function exceeded the amount budgeted.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.064622%	0.059967%	0.060418%	0.059756%	0.059853%	0.062052%	0.060244%	0.059506%	0.058675%	0.059102%
District's proportionate share of the net pension liability	$ 2,386,363	$ 2,766,997	$2,398,060	$ 83,772	$4,175,186	$3,617,371	$ 3,811,187	$3,928,397	$ 3,659,143	$ 2,938,244
District's covered payroll	$ 6,048,996	$ 5,383,605	$ 5,112,031	$ 4,855,677	$ 4,719,488	$ 4,754,137	$ 4,525,900	$4,402,104	$ 4,172,575	$ 4,074,428
District's proportionate share of the net pension liability as a percentage of its covered payroll	39.45%	51.40%	46.91%	1.73%	88.47%	76.09%	84.21%	89.24%	87.70%	72.11%
IPERS' net position as a percentage of the total pension liability	92.30%	90.13%	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%

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

See accompanying Independent Auditor's Report.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 623,517	$ 571,025	$ 508,212	$ 482,576	$ 458,457	$ 445,520	$ 448,790	$ 404,163	$ 393,108	$ 372,611
Contributions in relation to the statutorily required contribution	(623,517)	(571,025)	(508,212)	(482,576)	(458,457)	(445,520)	(448,790)	(404,163)	(393,108)	(372,611)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$6,605,054	$6,048,996	$5,383,605	$5,112,031	$4,855,677	$4,719,488	$4,754,137	$4,525,900	$4,402,104	$4,172,575
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%

See accompanying Independent Auditor's Report.

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 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 49,153	$ 35,046	$ 39,239	$ 47,378	$ 54,464	$ 46,376	$ 39,626	$ 38,149
Interest cost	18,711	24,725	23,755	11,991	11,205	17,230	13,562	12,648
Difference between expected and actual experiences	-	(241,516)	376,255	(187,096)	-	(191,245)	67,318	-
Changes in assumptions	(94,818)	(19,200)	(6,130)	(72,560)	4,562	143,433	24,484	(18,732)
Benefit payments	(20,182)	(8,682)	(85,127)	(17,605)	(12,440)	(5,840)	(13,951)	(5,890)
Net change in total OPEB liability	(47,136)	(209,627)	347,992	(217,892)	57,791	9,954	131,039	26,175
Total OPEB liability beginning of year	437,054	646,681	298,689	516,581	458,790	448,836	317,797	291,622
Total OPEB liability end of year	$ 389,918	$ 437,054	$ 646,681	$ 298,689	$ 516,581	$ 458,790	$ 448,836	$ 317,797
Covered-employee payroll	$ 5,411,866	$ 4,910,885	$ 4,212,000	$ 4,453,943	$ 4,153,892	$ 4,107,709	$ 4,808,000	$ 4,645,428
Total OPEB liability as a percentage of covered-employee payroll	7.20%	8.90%	15.35%	6.71%	12.44%	11.17%	9.34%	6.84%

See accompanying Independent Auditor's Report.

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

There were no significant 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, 2025	5.20%
Year ended June 30, 2024	3.93%
Year ended June 30, 2023	3.65%
Year ended June 30, 2022	3.54%
Year ended June 30, 2021	2.16%
Year ended June 30, 2020	2.21%
Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	4.50%

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

Supplementary Information

LISBON COMMUNITY SCHOOL DISTRICT

Schedule 1

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenues		Capital Projects	
	Student Activity	Management Levy	Physical Plant and Equipment Levy	Total
Assets				
Cash, cash equivalents and pooled investments	$ 173,069	$ 437,760	$136,876	$ 747,705
Receivables				
Property tax				
Delinquent	-	-	1,920	1,920
Succeeding year	-	196,578	227,266	423,844
Accounts receivable	15,276	-	-	15,276
Total assets	$ 188,345	$ 634,338	$366,062	$ 1,188,745
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	$ 5,479	$ -	$ -	$ 5,479
Salaries and benefits payable	151	-	-	151
Total liabilities	5,630	-	-	5,630
Deferred inflows of resources				
Unavailable revenue				
Succeeding year property tax	-	196,578	227,266	423,844
Fund balances				
Restricted for				
Student activities	182,715	-	-	182,715
Management levy purposes	-	437,760	-	437,760
Physical plant and equipment	-	-	138,796	138,796
Total fund balances	182,715	437,760	138,796	759,271
Total liabilities, deferred inflows of resources and fund balances	$ 188,345	$ 634,338	$366,062	$ 1,188,745

See accompanying Independent Auditor's Report.

LISBON COMMUNITY SCHOOL DISTRICT

Schedule 2

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenues		Capital Projects	
Revenues	Student Activity	Management Levy	Physical Plant and Equipment Levy	Total
Local sources				
Local taxes	$ -	$ -	$222,485	$ 222,485
Other	311,512	11,254	2,644	325,410
State sources	-	-	3,381	3,381
Total revenues	311,512	11,254	228,510	551,276
Expenditures				
Current				
Instruction				
Other	343,811	20,949	-	364,760
Support services				
Instructional staff	-	-	139,391	139,391
Administration	-	8,357	-	8,357
Operation and maintenance of plant	-	348,813	21,228	370,041
Transportation	-	22,050	7,396	29,446
Total support services	-	379,220	168,015	547,235
Other expenditures				
Facilities acquisition	-	-	122,723	122,723
Total expenditures	343,811	400,169	290,738	1,034,718
(Deficiency) of revenues (under) expenditures	(32,299)	(388,915)	(62,228)	(483,442)
Other financing sources				
Proceeds from issuance of capital leases	-	-	130,058	130,058
Transfers in	14,497	-	-	14,497
Total other financing sources	14,497	-	130,058	144,555
Change in fund balances	(17,802)	(388,915)	67,830	(338,887)
Fund balances, beginning of year	200,517	826,675	70,966	1,098,158
Fund balances, end of year	$182,715	$ 437,760	$138,796	$ 759,271

See accompanying Independent Auditor's Report.

LISBON COMMUNITY SCHOOL DISTRICT

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year Ended June 30, 2025

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Cheerleaders	$ 50	$ -	$ -	$ 50
Dance	9,790	3,513	4,260	9,043
Boys Basketball	3,086	631	3,347	370
Boys Football	9,198	25,653	33,086	1,765
Boys Baseball	25,015	8,154	33,169	-
Boys Track	7,269	7,437	14,706	-
Boys Golf	-	3,272	3,272	-
Boys Wrestling	-	8,064	8,064	-
Girls Basketball	922	1,589	2,261	250
Girls Volleyball	7,535	2,374	9,659	250
Girls Softball	(361)	5,695	2,428	2,906
Girls Track	(2,564)	5,973	3,409	-
Girls Golf	(922)	2,354	1,275	157
Girls Wrestling	-	3,831	3,831	-
Athletics	4,218	35,547	39,489	276
Drama	16,502	5,210	3,007	18,705
NHS	-	527	527	-
Speech	-	1,928	1,928	-
Yearbook	3,655	5,265	854	8,066
Student Council	5,734	3,201	5,516	3,419
Speed & Agility	9,568	10,200	6,846	12,922
Prom	3,971	5,122	4,954	4,139
Spanish Club	390	-	-	390
Business Prof of America	-	15,155	14,690	465
Special Acct	2,311	-	2,311	-
Walk-A-Thon	23,105	13,254	35,879	480
Gates-All Sports	9,907	46,081	32,151	23,837
Band Trip	2,541	11,212	-	13,753
Concessions	38,580	81,305	54,957	64,928
Music Boosters	21,017	13,462	17,935	16,544
Totals	$ 200,517	$ 326,009	$ 343,811	$ 182,715

See accompanying Independent Auditor's Report.

Schedule 4

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

Modified Accrual Basis

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Local sources										
Local tax	$ 3,589,092	$ 3,589,092	$ 3,519,493	$ 3,500,619	$ 3,467,085	$ 3,302,492	$ 3,202,566	$2,899,149	$ 2,708,188	$ 2,685,764
Tuition	1,487,012	1,487,012	1,524,340	1,310,344	1,222,530	1,113,868	1,027,902	891,921	774,670	754,024
Other	830,796	830,796	464,653	379,161	399,065	379,317	498,115	309,155	299,737	349,277
State sources	6,363,413	6,363,413	5,997,846	5,584,214	5,120,640	4,975,885	4,913,239	5,046,624	5,239,705	4,944,592
Federal sources	267,836	267,836	185,571	302,541	356,348	121,053	95,172	93,254	98,182	97,589
Total revenues	$12,538,149	$12,538,149	$11,691,903	$11,076,879	$10,565,668	$ 9,892,615	$ 9,736,994	$9,240,103	$ 9,120,482	$ 8,831,246
Expenditures										
Current										
Instruction										
Regular	$ 4,964,532	$ 4,964,532	$ 4,452,504	$ 4,297,015	$ 5,007,228	$ 3,930,712	$ 3,950,327	$4,373,942	$ 3,755,629	$ 3,685,611
Special	1,039,920	1,039,920	1,077,063	896,943	759,313	727,497	649,772	617,219	544,793	652,504
Other	1,284,109	1,284,109	1,069,452	971,686	535,105	688,218	723,550	760,562	656,902	533,108
Support services										
Student	229,329	229,329	213,408	194,112	186,322	195,899	188,892	190,802	188,635	185,911
Instructional staff	387,683	387,683	381,626	411,913	333,212	307,633	290,361	310,023	246,252	224,100
Administration	1,111,425	1,111,425	1,032,753	961,909	925,567	955,954	907,802	889,479	960,120	816,008
Operation and maintenance of plant	1,311,257	1,311,257	1,156,690	1,020,549	891,946	873,324	728,749	746,474	848,770	728,898
Transportation	296,461	296,461	251,352	301,050	272,432	286,705	210,769	299,007	195,597	198,322
Other expenditures										
Facilities acquisition	3,396,836	3,396,836	530,130	214,628	154,375	2,810,544	6,366,457	619,824	115,077	27,506
Long-term debt										
Principal	1,037,321	1,037,321	3,176,166	1,206,530	4,202,344	743,355	793,355	630,545	683,303	506,107
Interest and other charges	536,791	536,791	496,721	307,515	415,088	437,511	447,561	184,474	205,950	220,896
AEA flowthrough	323,545	323,545	308,898	297,611	280,136	277,509	277,434	278,393	273,887	277,033
Total expenditures	$15,919,209	$15,919,209	$14,146,763	$11,081,461	$13,963,068	$12,234,861	$15,535,029	$9,900,744	$ 8,674,915	$ 8,056,004

See accompanying Independent Auditor's Report.

Kay L. Chapman, CPA PC

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

To the Board of Education of Lisbon Community School District:

Except as discussed in the following paragraph, I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Lisbon Community School District as of and for the year ended June 30, 2025, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated March 9, 2026.

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

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2025 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Lisbon Community School District's Responses to the Findings

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

Purpose of this Report

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

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

Kay Chapman

Kay L. Chapman, CPA PC
March 9, 2026

LISBON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2025

Part I. Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were reported.

INTERNAL CONTROL DEFICIENCY

MATERIAL WEAKNESS

A. Material Misstatements not Detected

Criteria - A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the District's financial statements.

Condition - During the course of my audit, I discovered a material misstatement on the District's Certified Annual Report (CAR) that was not detected by the District's internal controls. The District did not accrue the correct amount of retainage from construction contract payments as a liability at year-end resulting in Capital Projects, Construction Fund expenditures and liabilities being understated and fund balance to be overstated on the CAR by $105,362.

Cause - District policies do not require and procedures have not been established to require independent review of year-end adjusting entries and cut-off transactions to ensure the District's financial statements and CAR are accurate and reliable.

Effect - Lack of policies and procedures resulted in District employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the District's CAR were necessary.

Recommendation - The District should implement procedures to ensure that all liabilities are identified and included in the District's CAR.

Response - We will double-check these in the future to avoid missing any material amounts.

Conclusion - Response accepted.

LISBON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2025

Part II. Other Findings Related to Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2025 exceeded the amount budgeted in the instruction function.

   Recommendation - The certified budget was amended; however, the amount amended to was not sufficient to cover total expenditures for that function, for the fiscal year. The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa to a sufficient amount before expenditures were allowed to exceed the budget.

   Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

   Conclusion - Response accepted.

2. Questionable Expenditures - I noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

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

4. Business Transactions - No business transactions between the District and District officials or employees were noted.

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

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

7. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board. However, it was noted that the minutes were not always published within fourteen days of the board meeting, as required by Chapter 279.35 of the Code of Iowa.

   Recommendation - The Code of Iowa states that the District must make available to the publisher the proceedings of all regular and special meetings, within fourteen days of the adjournment of such meeting. The District should ensure that they make meeting minutes available to the newspaper within fourteen days of the meeting and keep documentation verifying such.

Response - This was an inadvertent oversight during a time when we were transitioning to a different person (with no SBO training) preparing and submitting the minutes to the publisher. We will ensure that all minutes are made available to the publisher timely, in compliance with the Code of Iowa.

Conclusion - Response accepted.

8. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

9. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

10. Deposits and Investments - I noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

11. Certified Annual Reports - The Certified Annual Report was certified timely to the Department of Education.

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

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

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

Beginning balance		$1,967,201
Revenues		
Statewide sales and services tax revenue	$ 901,282	
Miscellaneous	5,122	
Interest earned	60,699	967,103

Expenditures/transfers out		
School infrastructure		
Purchased services	$ 36,250	
Equipment	192,141	
Transfers to other fund		
Debt service fund	717,346	945,737
Ending balance		$1,988,567

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

14. Deficit Net Position

Unrestricted net position, governmental activities	$1,890,699
Unrestricted net position, business type activities	$ 339,390
Total net position, business type activities	$ 328,804
Unrestricted net position, total activities	$2,230,089
Unrestricted net position, total enterprise funds LECCEC	$ 626,198
Total net position, total enterprise funds LECCEC	$ 618,249
Unrestricted net position, total enterprise funds	$ 339,390
Total enterprise funds, total net position	$ 328,804

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

Response - The deficits in the governmental and total activities were a result of adopting GASB Statement No. 68 during the year ended June 30, 2015 and GASB Statement No. 101 during the year ended June 30, 2025. The deficits in the LECCEC and enterprise funds are a result of the program costing more to operate than the revenue it generated. This situation will be resolved before June 30, 2026.

Conclusion - Response accepted.

LISBON COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2025

This audit was performed by

Kay Chapman, CPA
Terri Slater, staff accountant