

**SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
CALMAR, IOWA**

FINANCIAL REPORT

JUNE 30, 2021

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SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION AND SCHOOL OFFICIALS

Name	Title	Term Expires
<u>Board of Education</u>		
Wendy Mihm-Herold	President	September 2021
Don Schroeder	Vice-President	September 2021
Ron Hemesath	Board Member	September 2023
Craig Neuzil	Board Member	September 2021
Patricia Schissel	Board Member	September 2021
<u>School Officials</u>		
Kris Einck	Superintendent	
Kris Smith	Board Secretary/Treasurer	



Hacker Nelson
& Co., CPAs

INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS

To the Board of Education
South Winneshiek Community School District
Calmar, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Winneshiek Community School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Winneshiek Community School District, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the 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 4 through 4g and pages 35 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Winneshiek Community School District's June 30, 2021 basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The supplementary information shown on Schedules 1 through 6, including the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 U.S. generally accepted auditing standards. In our opinion, the supplementary information shown on Schedules 1 through 6, including the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the years ended June 30, 2012 through 2021 basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2022, on our consideration of South Winneshiek Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of South Winneshiek Community School 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 South Winneshiek Community School District's internal control over financial reporting and compliance.

Hacker, Nelson & Co., P.C.

**SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
CALMAR, IOWA**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Management of the South Winneshiek 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, 2021.

The intent of this discussion and analysis is to look at South Winneshiek Community School District's financial performance as a whole with comparisons to the previous fiscal year activities. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

2021 FINANCIAL HIGHLIGHTS

In total, net position decreased by \$213,748 or 7.0% from fiscal year 2020. Net position in governmental activities decreased by \$225,616, which represented a 7.5% decrease from fiscal year 2020. Property taxes increased \$159,369 in the general fund and decreased \$247,640 in the management levy fund. Charges for services decreased \$13,906 and operating grants increased \$410,632 from fiscal year 2020. District instruction expenses were \$644,434 more than in 2020 due to increased personnel costs and COVID related expenses. Net position in the business-type activities, which represents the District's food services operations and 3-year-old preschool, increased \$11,868, which represented an 17.67% increase from fiscal year 2020.

General fund revenues (which include the instructional support fund) accounted for \$7,844,000 in revenue or 86.53% of all governmental revenues. General fund expenditures (which include the instructional support fund) accounted for \$7,643,480 in expenditures or 87.72% of all governmental expenditures.

USING THIS ANNUAL REPORT

These statements are organized so the reader can understand South Winneshiek Community School District as a financial whole or as an entire operating entity. The annual report consists of a series of financial statements, notes to those 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 South Winneshiek 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 South Winneshiek Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which South Winneshiek Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

USING THIS ANNUAL REPORT (Continued)

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.

Other supplementary information provides detailed information about the nonmajor funds and compares governmental fund activity to prior years. In addition, the schedule of expenditures of federal awards provides details of various federal programs benefiting the District.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

- **Governmental activities:** most of the District's programs and services are reported 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 fund and 3-year-old preschool fund are included here.

Fund Financial Statements

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

Some funds are required by state law and by bond covenants. The District uses different funds in accordance with the Uniform Financial Accounting for Iowa LEA's, as required by the Iowa Department of Education, to record its financial transactions. 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.

However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds for fiscal year 2021 are the general fund, the management levy-special revenue fund, the statewide sales, services and use tax-capital projects fund, and the physical plant and equipment levy-capital projects fund.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES (Continued)

Fund Financial Statements (Continued)

The District has three kinds of funds:

- 1) **Governmental funds:** most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Consequently, the governmental funds 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, 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 the proprietary funds and are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, is the same as its business-type activities but provides more detail and additional information, such as cash flows. The District's enterprise funds are the school nutrition fund and the 3-year-old preschool fund.

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

- 3) **Fiduciary fund:** the District is the trustee, or fiduciary, for assets that belong to others. The District's fiduciary fund is as follows:

- **Custodial fund:** this is a fund through which the District administers and accounts for certain moneys as a fiscal agent.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The District's net position at the end of fiscal year 2021 for governmental activities was \$2,781,227 and for business-type activities was \$79,038. The following is a summary perspective of the statement of net position of the District for the fiscal years ended June 30, 2021 and 2020.

		Condensed Statement of Net Position (Expressed in Thousands)					
		Governmental Activities		Business-type Activities		Total	
		2021	2020	2021	2020	2021	2020
Current and other assets		\$ 7,883	\$ 7,228	\$ 168	\$ 155	\$ 8,051	\$ 7,383
Capital assets		3,717	3,764	8	5	3,725	3,769
Total assets		11,600	10,992	176	160	11,776	11,152
Deferred outflows of resources		909	796	47	31	956	827
Current liabilities		1,487	1,137	39	41	1,526	1,178
Noncurrent liabilities		4,370	3,516	101	72	4,471	3,588
Total liabilities		5,857	4,653	140	113	5,997	4,766
Deferred inflows of resources		3,871	4,128	4	11	3,875	4,139
Net position:							
Net investment in capital assets		3,717	3,764	8	5	3,725	3,769
Restricted		2,402	2,210			2,402	2,210
Unrestricted (deficit)		(3,338)	(2,967)	71	62	(3,267)	(2,905)
Total net position		\$ 2,781	\$ 3,007	\$ 79	\$ 67	\$ 2,860	\$ 3,074

The District's total net position decreased 7.0% or approximately \$214,000 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

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 approximately \$192,000 or 8.7%, over the prior year. The increase is primarily a result of an increase in the management levy fund.

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 - decreased approximately \$362,000 or 12.46%. The decrease in unrestricted net position was primarily a result of the increase in the District's instructional expenses.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

As shown below, the following analysis shows the change in net position for the years ended June 30, 2021 and 2020.

	Changes in Net Position (Expressed in Thousands)					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program revenue:						
Charges for service	\$ 547	\$ 561	\$ 122	\$ 183	\$ 669	\$ 744
Operating grants	1,749	1,338	314	119	2,063	1,457
General revenue:						
Property taxes	3,596	3,728			3,596	3,728
Sales tax and surtax	522	520			522	520
Unrestricted state grants	2,543	2,223			2,543	2,223
Unrestricted investment earnings	13	31		1	13	32
Compensation for loss on fixed assets		1			-	1
Other revenue	95	38			95	38
Total revenues	9,065	8,440	436	303	9,501	8,743
PROGRAM EXPENSES						
Instruction	6,140	5,496			6,140	5,496
Student support	2,352	2,274			2,352	2,274
Other expenses	798	789	425	380	1,223	1,169
Total expenses	9,290	8,559	425	380	9,715	8,939
Transfers	(1)	(35)	1	35	-	-
(Decrease) increase in net position	(226)	(154)	12	(42)	(214)	(196)
NET POSITION, beginning of year	3,007	3,161	67	109	3,074	3,270
NET POSITION, end of year	\$ 2,781	\$ 3,007	\$ 79	\$ 67	\$ 2,860	\$ 3,074

In fiscal year 2021, property tax and unrestricted state grants accounted for 67.72% of governmental activities revenues while charges for service and operating grants accounted for 100% of business-type activities.

The District's total revenues were approximately \$9.5 million, of which approximately \$9.1 million was for governmental activities and \$400,000 was for business-type activities.

INDIVIDUAL FUND ANALYSIS

The South Winneshiek Community School District uses fund accounting on the modified accrual basis of accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds Highlights

As the District completed the year, its governmental funds reported a fund balance of \$2,919,912, an \$350,214 increase from the 2020 fiscal year end balance of \$2,569,698.

- The ending fund balance in the general fund of \$681,863 showed an increase of \$192,329 from the prior year balance of \$489,534. This increase was caused by increasing the property tax levy for the general fund. The District did receive \$299,638 of CARES Act funds for the school emergency relief fund program.
- The management levy fund balance increased by \$72,654 for fiscal year 2021. There was a decrease in local tax revenues and an increase in expenditures, thus fund balance increased by a smaller amount than the prior year.
- The physical plant and equipment levy (PPEL) fund balance increased by \$78,661 during fiscal year 2021. Expenditures decreased from the prior year due to chrome books that were purchased in 2020.
- The statewide sales, services and use tax fund balance decreased by \$15,495. Expenditures in facilities acquisition increased by \$100,000 due to a bus purchase in 2021.

Proprietary Funds Highlights

- The school nutrition fund balance increased by \$11,577 during fiscal year 2021. The increase is mainly due to the District receiving COVID-19 funding through federal services. The District did receive \$21,814 of the CARES Act funds for the school nutrition fund.
- The 3-year-old preschool fund balance increased \$291 during the fiscal year 2021. The District continues to monitor tuition rates for this program.

BUDGETARY HIGHLIGHTS

The District's Board of Education annually adopts a budget as required by Iowa law. Proper public notice and a required public hearing are held before final approval of the budget. State statute requires approval of the budget on or before April 15 of each year. The budget document presents functional expenditures by fund and the legal level of control is at the expense level by total instruction, total support services, total non-instructional programs, total other expenditures, and total expenditures. The District amends the budget, as allowed by Iowa law, generally once per year to reflect the additional revenues and expenditures that may occur during the school year. Over the course of the year, the District adopted one budget amendment to reflect additional expenditures associated with COVID.

The District's total revenues were \$307,373 more than total budgeted revenues, a variance of 3.34%. The most significant variances resulted from the District receiving more revenues in federal sources but a decrease in revenues for local sources.

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

BUDGETARY HIGHLIGHTS (Continued)

In spite of the District's budgetary practice, expenditures in the instruction programs function exceeded the amounts budgeted.

The following chart shows the original and final budget for fiscal year 2021 as well as the actual revenue and expenditures for the year.

Budgetary Comparison Schedule (Expressed in Thousands)				
	Actual Basis	Budgeted Amounts		Variance
		Original	Final	
Revenues:				
Local sources	\$ 4,346	\$ 4,507	\$ 4,507	\$ (161)
State sources	4,313	4,293	4,293	20
Federal sources	842	393	393	449
Total revenues	\$ 9,501	\$ 9,193	\$ 9,193	\$ 308
Expenditures/Expenses:				
Instruction	\$ 5,640	\$ 5,540	\$ 5,640	\$ -
Support services	2,522	2,601	2,601	79
Non-instructional programs	425	375	475	50
Other expenditures	552	879	879	327
Total expenditures/expenses	\$ 9,139	\$ 9,395	\$ 9,595	\$ 456

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2021, South Winneshiek Community School District had \$3,716,532 invested in a broad range of capital assets, including buildings, land and equipment for the governmental activities. For the enterprise funds, the District had \$7,556 invested in equipment in the school nutrition fund.

The District had depreciation expense of \$463,526 for fiscal year 2021 and total accumulated depreciation of \$5,783,708 as of June 30, 2021 for the governmental activities. The District had depreciation expense of \$2,784 for fiscal year 2021 and total accumulated depreciation of \$108,785 as of June 30, 2021 for the business-type activities. More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

Debt

At year-end, the District had \$500,000 in debt compared to \$125,000 last year. All debt is from early retirement. More detailed information about the District's long-term liability is presented in Note 6 to the financial statements.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

Current Issues

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

- ESSER and GEER funding continue to aid with additional spending.
- Enrollment is flat.
- There were six early retirements at the end of fiscal year 2021, which resulted in cost savings.
- Operational sharing is at 21 of 21. The District continues to share teachers with Northeast Iowa Community College and Turkey Valley Community School District; it is planned that the sharing will continue into the future.
- Salaries and benefits continue to be the major contributor to the general fund finances. Fiscal responsibility is always in the forefront during negotiations while ensuring compensation packages are equitable and fair.
- The District has forecasted the budget out 3 to 5 years and understands that expenses will need to be reduced in order to meet the fiscal responsibility of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and creditors with a general overview of South Winneshiek Community School 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 the District's Office, South Winneshiek Community School District, 304 South Webster Street, Calmar, Iowa 52132.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,609,091	\$ 162,300	\$ 3,771,391
Receivables:			
Property tax:			
Delinquent	31,028		31,028
Succeeding year	3,493,824		3,493,824
Accounts	120,936	756	121,692
Internal balances	6,877	454	7,331
Due from other governments	622,215		622,215
Inventories		4,692	4,692
Capital assets, non-depreciable	312,103		312,103
Capital assets, net of accumulated depreciation	3,404,429	7,556	3,411,985
Total assets	11,600,503	175,758	11,776,261
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	864,251	45,325	909,576
OPEB related deferred outflows	44,509	1,710	46,219
Total deferred outflows of resources	908,760	47,035	955,795
Total assets and deferred outflows of resources	\$ 12,509,263	\$ 222,793	\$ 12,732,056
LIABILITIES			
Accounts payable	\$ 433,135	\$ 83	\$ 433,218
Salaries and benefits payable	772,025	23,557	795,582
Internal balances	7,331		7,331
Unearned revenues		15,057	15,057
Long-term liabilities:			
Portion due within one year:			
Early retirement	275,000		275,000
Portion due after one year:			
Early retirement	225,000		225,000
Net pension liability	3,702,438	85,466	3,787,904
Total OPEB liability	442,098	15,663	457,761
Total liabilities	5,857,027	139,826	5,996,853
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	3,493,824		3,493,824
Pension related deferred inflows	119,441	3,929	123,370
Other	257,744		257,744
Total deferred inflows of resources	3,871,009	3,929	3,874,938
NET POSITION			
Net investment in capital assets	3,716,532	7,556	3,724,088
Restricted for:			
Capital projects	667,404		667,404
Management levy purposes	1,234,098		1,234,098
Physical plant and equipment	260,204		260,204
Student activities	76,343		76,343
Categorical funding	164,774		164,774
Unrestricted (deficit)	(3,338,128)	71,482	(3,266,646)
Total net position	2,781,227	79,038	2,860,265
Total liabilities, deferred inflows of resources and net position	\$ 12,509,263	\$ 222,793	\$ 12,732,056

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Functions and Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES						
Instruction:						
Regular instruction	\$ 3,428,150	\$ 451,624	\$ 1,310,851	\$ (1,665,675)		\$ (1,665,675)
Special instruction	1,536,012	49,179	835	(1,485,998)		(1,485,998)
Other instruction	1,176,435	32,967	74,154	(1,069,314)		(1,069,314)
	<u>6,140,597</u>	<u>533,770</u>	<u>1,385,840</u>	<u>(4,220,987)</u>	<u>\$ -</u>	<u>(4,220,987)</u>
Support services:						
Student services	330,824			(330,824)		(330,824)
Instructional staff services	347,959			(347,959)		(347,959)
Administration services	745,471			(745,471)		(745,471)
Operation and maintenance plant services	556,716			(556,716)		(556,716)
Transportation services	370,577	13,672	79,469	(277,436)		(277,436)
	<u>2,351,547</u>	<u>13,672</u>	<u>79,469</u>	<u>(2,258,406)</u>	<u>-</u>	<u>(2,258,406)</u>
Other:						
Facilities acquisition	352,568			(352,568)		(352,568)
AEA flowthrough	283,595		283,595	-		-
Depreciation (unallocated)*	161,343			(161,343)		(161,343)
	<u>797,506</u>	<u>-</u>	<u>283,595</u>	<u>(513,911)</u>	<u>-</u>	<u>(513,911)</u>
Total governmental activities	<u>9,289,650</u>	<u>547,442</u>	<u>1,748,904</u>	<u>(6,993,304)</u>	<u>-</u>	<u>(6,993,304)</u>
BUSINESS-TYPE ACTIVITIES						
Non-instructional programs:						
Nutrition services	364,271	61,080	314,097		10,906	10,906
Child care operations	60,956	60,387			(569)	(569)
Total business-type activities	<u>425,227</u>	<u>121,467</u>	<u>314,097</u>	<u>-</u>	<u>10,337</u>	<u>10,337</u>
Total	<u>\$ 9,714,877</u>	<u>\$ 668,909</u>	<u>\$ 2,063,001</u>	<u>(6,993,304)</u>	<u>10,337</u>	<u>(6,982,967)</u>
GENERAL REVENUES						
Property taxes levied for:						
General purposes				3,077,399		3,077,399
Management levy purposes				266,629		266,629
Physical plant and equipment				252,541		252,541
Statewide sales, services and use tax				522,185		522,185
Unrestricted state grants				2,542,680		2,542,680
Unrestricted investment earnings				12,646	217	12,863
Transfer (out) in				(1,314)	1,314	-
Other				94,922		94,922
Total general revenues				<u>6,767,688</u>	<u>1,531</u>	<u>6,769,219</u>
Change in net position				(225,616)	11,868	(213,748)
NET POSITION, beginning of year				<u>3,006,843</u>	<u>67,170</u>	<u>3,074,013</u>
NET POSITION, end of year				<u>\$ 2,781,227</u>	<u>\$ 79,038</u>	<u>\$ 2,860,265</u>

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

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

				Capital Projects Funds		Nonmajor Governmental Funds	Total Governmental Funds
		General	Special Revenue Fund Management Levy	Physical Plant and Equipment Levy	Statewide Sales, Services and Use Tax		
ASSETS							
Cash and cash equivalents		\$ 1,269,084	\$ 1,231,648	\$ 261,872	\$ 792,322	\$ 54,165	\$ 3,609,091
Receivables:							
Property tax:							
Delinquent		27,267	2,450	1,311			31,028
Succeeding year		2,997,767	325,000	171,057			3,493,824
Accounts		98,506				22,430	120,936
Due from other funds					6,877		6,877
Due from other governments		449,773		128,674	43,768		622,215
Total assets		<u>\$ 4,842,397</u>	<u>\$ 1,559,098</u>	<u>\$ 562,914</u>	<u>\$ 842,967</u>	<u>\$ 76,595</u>	<u>\$ 7,883,971</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable		\$ 254,341		\$ 2,979	\$ 175,563	\$ 252	\$ 433,135
Salaries and benefits payable		772,025					772,025
Due to other funds		7,331					7,331
Total liabilities		<u>1,033,697</u>	<u>\$ -</u>	<u>2,979</u>	<u>175,563</u>	<u>252</u>	<u>1,212,491</u>
Deferred inflows of resources:							
Unavailable revenues:							
Succeeding year property tax		2,997,767	325,000	171,057			3,493,824
Other		129,070		128,674			257,744
Total deferred inflows of resources		<u>3,126,837</u>	<u>325,000</u>	<u>299,731</u>	<u>-</u>	<u>-</u>	<u>3,751,568</u>
Fund balances:							
Restricted for:							
Categorical funding		164,774					164,774
Management levy purposes			1,234,098				1,234,098
Student activities						76,343	76,343
Capital projects					667,404		667,404
Physical plant and equipment				260,204			260,204
Unassigned		517,089					517,089
Total fund balances		<u>681,863</u>	<u>1,234,098</u>	<u>260,204</u>	<u>667,404</u>	<u>76,343</u>	<u>2,919,912</u>
Total liabilities, deferred inflows of resources and fund balances		<u>\$ 4,842,397</u>	<u>\$ 1,559,098</u>	<u>\$ 562,914</u>	<u>\$ 842,967</u>	<u>\$ 76,595</u>	<u>\$ 7,883,971</u>

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET POSITION

Total governmental fund balances		\$ 2,919,912
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, net of accumulated depreciation of: \$5,783,708.		3,716,532
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 908,760	
Deferred inflows of resources	(119,441)	789,319
Some liabilities, including total OPEB liability and net pension liability, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds:		
Early retirement	(500,000)	
Net pension liability	(3,702,438)	
Total OPEB liability	(442,098)	(4,644,536)
Net position of governmental activities per Exhibit A		\$ 2,781,227

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General	Special Revenue Fund Management Levy	Capital Projects Funds Physical Plant and Equipment Levy	Statewide Sales, Services and Use Tax	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Local sources:						
Local tax	\$ 3,077,399	\$ 266,629	\$ 252,541			\$ 3,596,569
Tuition	275,214					275,214
Other	175,968	5,078	527	\$ 586	\$ 170,503	352,662
State sources	3,784,576	2,140	1,159	522,185		4,310,060
Federal sources	530,843					530,843
Total revenues	7,844,000	273,847	254,227	522,771	170,503	9,065,348
EXPENDITURES						
Current:						
Instruction:						
Regular instruction	3,128,958	61,931	14,393	97,578		3,302,860
Special instruction	1,536,012					1,536,012
Other instruction	646,120				155,315	801,435
	5,311,090	61,931	14,393	97,578	155,315	5,640,307
Support services:						
Student services	330,824					330,824
Instructional staff services	223,005		129,764	375		353,144
Administration services	644,202	77,482	23,787	43,870		789,341
Operation and maintenance plant services	483,682	61,780		19,328		564,790
Transportation services	367,082		3,495	113,005		483,582
	2,048,795	139,262	157,046	176,578	-	2,521,681
Other:						
Facilities acquisition			4,127	264,110		268,237
AEA flowthrough	283,595					283,595
	283,595	-	4,127	264,110	-	551,832
Total expenditures	7,643,480	201,193	175,566	538,266	155,315	8,713,820
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	200,520	72,654	78,661	(15,495)	15,188	351,528
OTHER FINANCING (USES) SOURCES						
Transfers in				6,877		6,877
Transfers (out)	(8,191)					(8,191)
	(8,191)	-	-	6,877	-	(1,314)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND FINANCING USES	192,329	72,654	78,661	(8,618)	15,188	350,214
FUND BALANCES, beginning of year	489,534	1,161,444	181,543	676,022	61,155	2,569,698
FUND BALANCES, end of year	\$ 681,863	\$ 1,234,098	\$ 260,204	\$ 667,404	\$ 76,343	\$ 2,919,912

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Net change in fund balances - total governmental funds		\$ 350,214
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the current year, as follows:		
Depreciation	\$ (463,526)	
Capital outlays	<u>415,763</u>	(47,763)
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.		394,426
Early retirement payments, pension and OPEB are expenditures in the governmental funds when paid, but reduce long-term liabilities in the statement of net position and affect the statement of activities as accrued, as follows:		
Early retirement	(375,000)	
Pension expense	(528,910)	
OPEB expense	<u>(18,583)</u>	(922,493)
Change in net position of governmental activities per Exhibit B		<u>\$ (225,616)</u>

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	School Nutrition	3-Year-Old Preschool	Total
ASSETS			
CURRENT ASSETS			
Cash	\$ 144,493	\$ 17,807	\$ 162,300
Accounts receivable	756		756
Due from other funds	454		454
Inventories	4,692		4,692
Total current assets	150,395	17,807	168,202
NONCURRENT ASSETS			
Furniture and equipment	116,341		116,341
Less accumulated depreciation	(108,785)		(108,785)
Total noncurrent assets	7,556	-	7,556
Total assets	157,951	17,807	175,758
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	38,525	6,800	45,325
OPEB related deferred outflows	1,248	462	1,710
Total deferred outflows of resources	39,773	7,262	47,035
Total assets and deferred outflows of resources	\$ 197,724	\$ 25,069	\$ 222,793
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 42	\$ 41	\$ 83
Salaries and benefits payable	19,027	4,530	23,557
Unearned revenues	15,057		15,057
Total current liabilities	34,126	4,571	38,697
NONCURRENT LIABILITIES			
Net pension liability	75,913	9,553	85,466
Total OPEB liability	11,192	4,471	15,663
Total noncurrent liabilities	87,105	14,024	101,129
Total liabilities	121,231	18,595	139,826
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	3,771	158	3,929
NET POSITION			
Net investment in capital assets	7,556		7,556
Unrestricted	65,166	6,316	71,482
Total net position	72,722	6,316	79,038
Total liabilities, deferred inflows of resources and net position	\$ 197,724	\$ 25,069	\$ 222,793

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	School Nutrition	3-Year-Old Preschool	Total
OPERATING REVENUES			
Local sources:			
Charges for services	\$ 61,080	\$ 60,387	\$ 121,467
OPERATING EXPENSES			
Non-instructional programs:			
Operations:			
Salaries and benefits	211,308	60,612	271,920
Purchased services	584	14	598
Supplies	148,620	330	148,950
Depreciation	2,784		2,784
Other	975		975
Total operating expenses	364,271	60,956	425,227
Operating loss	(303,191)	(569)	(303,760)
NONOPERATING REVENUES			
Interest income	217		217
State sources	2,724		2,724
Federal sources	311,373		311,373
Total nonoperating revenues	314,314	-	314,314
Income (loss) before transfers	11,123	(569)	10,554
TRANSFERS IN	454	860	1,314
Change in net position	11,577	291	11,868
NET POSITION, beginning of year	61,145	6,025	67,170
NET POSITION, end of year	\$ 72,722	\$ 6,316	\$ 79,038

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	School Nutrition	3-Year-Old Preschool	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of lunches and breakfasts	\$ 57,744		\$ 57,744
Cash received from miscellaneous operating activities		\$ 61,124	61,124
Cash paid to employees for services	(206,405)	(60,032)	(266,437)
Cash paid to suppliers for goods or services	(118,289)	(303)	(118,592)
Cash payments by operating activities	(975)		(975)
Net cash (used in) provided by operating activities	(267,925)	789	(267,136)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State and federal grants received	295,821		295,821
Transfers in	454	860	1,314
Net cash provided by noncapital financing activities	296,275	860	297,135
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of equipment	(5,318)	-	(5,318)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	217	-	217
Net increase in cash	23,249	1,649	24,898
CASH AND CASH EQUIVALENTS, beginning of year	121,244	16,158	137,402
CASH AND CASH EQUIVALENTS, end of year	\$ 144,493	\$ 17,807	\$ 162,300
Reconciliation of operating loss to net cash (used in) provided by operating activities:			
Operating loss	\$ (303,191)	\$ (569)	\$ (303,760)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:			
Depreciation	2,784		2,784
Commodities used	18,276		18,276
(Increase) decrease in accounts receivable	(756)	737	(19)
(Increase) in due from other funds	(454)		(454)
Decrease in inventories	12,597		12,597
(Increase) in deferred outflows of resources	(15,489)	(569)	(16,058)
Increase in accounts payable	42	41	83
Increase (decrease) in salaries and benefits payable	2,804	(2,874)	(70)
(Decrease) in unearned revenues	(2,126)		(2,126)
Increase in net pension liability	19,070	9,035	28,105
Increase in OPEB liability	357	132	489
(Decrease) in deferred inflows of resources	(1,839)	(5,144)	(6,983)
Net cash (used in) provided by operating activities	\$ (267,925)	\$ 789	\$ (267,136)
Non-cash, noncapital financing activities:			
During the year ended June 30, 2021, the District received commodities valued at:	\$ 18,276		

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2021

	<u>Custodial</u>
ASSETS	
Cash and cash equivalents	\$ 2,017
Total assets	<u>\$ 2,017</u>
NET POSITION	
Restricted for other organizations	\$ 2,017
Total net position	<u>\$ 2,017</u>

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2021

	<u>Custodial</u>
ADDITIONS	
Miscellaneous	\$ 10,623
DEDUCTIONS	
Administrative	<u>17,203</u>
Change in net position	(6,580)
NET POSITION, beginning of year	<u>8,597</u>
NET POSITION, end of year	<u><u>\$ 2,017</u></u>

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

The South Winneshiek Community School District (the District) is a political subdivision of the State of Iowa. The District's primary purpose is to provide education from grades kindergarten through twelve, including special education and pre-kindergarten. The geographic area served includes the Cities of Calmar, Ossian, and Spillville, Iowa and the predominate agricultural territory in the area. It is supported financially by local property taxes, state aid and state and federal grants for special projects. The District is governed by a five-member Board of Education whose members are elected on a non-partisan basis. The District has taxing authority and fundraising capabilities of its own. Final approval of the District's annual program and budget plans rests with the local Board of Education.

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

b. Significant Accounting Policies

Scope of Reporting Entity

For financial reporting purposes, South Winneshiek 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; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature or significance of their relationship with the District should be included in the financial statements as component units. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Joint Venture

The District participates in a jointly governed organization that provides services to the District and meets the criteria of a joint venture since there is ongoing financial interest or responsibility by the participating governments. The District is a member of the Northeast Iowa Conference Schools 28E Retention Pool Trust.

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 Winneshiek County Assessor's Conference Board.

Government-wide Financial Statements

The statement of net position and the statement of activities report information on all of the non-fiduciary 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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Government-wide Financial Statements (Continued)

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

Fund Financial Statements

Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The general fund, the management levy-special revenue fund, the statewide sales, services and use tax-capital projects fund, and the physical plant and equipment levy-capital projects fund are the major governmental funds for the District. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. The major funds of the financial reporting entity are described below:

Governmental

General Fund

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.

Special Revenue Fund-Management Levy

The special revenue fund-management levy is used to account for revenues derived from specific sources which are usually required by law or regulation to pay for insurance premiums for the District and the retirees' health insurance.

Capital Projects Funds

The capital projects funds are utilized to account for all resources used in the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through enterprise funds. The major funds in this category are the statewide sales, services and use tax, and the physical plant and equipment levy.

The statewide sales, services and use tax are used to account for the purchase of capital assets using statewide sales tax and use tax proceeds.

The physical plant and equipment levy fund is used to account for the purchase of capital assets using property tax revenue.

Proprietary Funds

Enterprise Funds

The District's proprietary funds are the school nutrition fund and the 3-year-old preschool fund. The school nutrition fund is used to account for the food services operations of the District. The 3-year-old preschool fund accounts for the preschool program.

Fiduciary Fund

Custodial Fund

The custodial fund which is used to account for assets held by the District as an agent for individuals, private organizations, and other governments. The custodial fund is for the employee flex benefit plan.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for the 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 nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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 and Cash Equivalents

The cash balances of most District funds are pooled and invested. The District maintains one primary demand deposit account for each fund through which the cash resources are processed. All investment activity is carried on by the District in each individual fund. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, 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 to the County Auditor by April 15 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 1 1/2% per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2020.

Interfund Transactions

During the course of its operations, the District has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2021, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Most of the interfund transactions have been eliminated on the government-wide statements.

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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

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

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, which include property, furniture and equipment and intangibles are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. 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.

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	\$ 500
Buildings	2,500
Improvements other than buildings	2,500
Intangibles	25,000
Furniture and equipment:	
School nutrition fund equipment	500
Other furniture and equipment	2,500

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	5-20 years
Intangibles	5-10 years
Furniture and equipment	3-15 years

Deferred Outflows of Resources

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

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

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

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. Also, wages for hourly employees earned in June and paid in July have been accrued as liabilities. The rate in effect at June 30, 2021 was used to calculate the salaries payable.

Unearned Revenues

Proprietary funds defer revenue recognition in connection with resources that have been received, but not earned. Unearned revenues consist primarily of hot lunch proceeds collected for the next school year.

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. Early retirement liability has been paid primarily by the governmental management levy fund.

Pensions

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

Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the general fund and for the proprietary funds by the enterprise funds-school nutrition and 3-year-old preschool.

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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

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

Deferred Inflows of Resources (Continued)

Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of succeeding year property tax receivable and income surtax.

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 and income surtax.

Fund Balance

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

Nonspendable - amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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 - is the remaining fund balance, which is not included in other spendable classifications.

Net Position

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

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

Restricted net position consists of net position with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position. Restricted net position is used first when an expense is incurred for purposes for both restricted and unrestricted net position.

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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

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

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplementary information. During the year ended June 30, 2021, expenditures exceeded the amounts budgeted in the instruction programs function.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

The District's deposits in banks at June 30, 2021 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.

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

3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund		\$ 8,191
Capital projects funds	\$ 6,877	
Proprietary funds:		
School nutrition fund	454	
3-year-old preschool fund	860	
	<u> </u>	<u> </u>
Total	<u>\$ 8,191</u>	<u>\$ 8,191</u>

Transfers from the general fund were to reimburse for grant expenses that were paid out of the other funds.

NOTES TO FINANCIAL STATEMENTS

4. Due from Other Governments

Due from other governments consist of the following at June 30, 2021:

Governmental:	
General fund:	
Transportation aid, nonpublic	\$ 84,062
Other	4,916
ESSER II	187,170
Title I	44,951
Income surtax	128,674
	<u>449,773</u>
Capital projects funds:	
PPEL:	
Income surtax	128,674
	<u>128,674</u>
Statewide sales, services and use tax:	
Local option sales tax	43,768
	<u>43,768</u>
Total due from other governments	<u><u>\$ 622,215</u></u>

5. Capital Assets

Capital assets activity for the governmental activities for the year ended June 30, 2021 is as follows.

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Governmental activities:				
Land	\$ 102,262			\$ 102,262
Construction in progress	4,746	\$ 212,809	\$ 7,714	209,841
	<u>107,008</u>	<u>212,809</u>	<u>7,714</u>	<u>312,103</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Land improvements	779,804			779,804
Buildings	5,385,361			5,385,361
Furniture and equipment	2,868,914	210,668	56,610	3,022,972
	<u>9,034,079</u>	<u>210,668</u>	<u>56,610</u>	<u>9,188,137</u>
Total capital assets being depreciated				
Less accumulated depreciation for:				
Land improvements	119,100	14,871		133,971
Buildings	3,184,096	146,472		3,330,568
Furniture and equipment	2,073,596	302,183	56,610	2,319,169
	<u>5,376,792</u>	<u>463,526</u>	<u>56,610</u>	<u>5,783,708</u>
Total accumulated depreciation				
Total capital assets being depreciated, net	<u>3,657,287</u>	<u>(252,858)</u>	<u>-</u>	<u>3,404,429</u>
Governmental activities:				
Capital assets, net	<u>\$ 3,764,295</u>	<u>\$ (40,049)</u>	<u>\$ 7,714</u>	<u>\$ 3,716,532</u>

NOTES TO FINANCIAL STATEMENTS

5. Capital Assets (Continued)

Capital assets activity for the business-type activities for the year ended June 30, 2021 is as follows.

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Business-type activities:				
Furniture and equipment	\$ 111,023	\$ 5,318		\$ 116,341
Less accumulated depreciation	106,001	2,784		108,785
Business-type activities:				
Capital assets, net	\$ 5,022	\$ 2,534	\$ -	\$ 7,556

Depreciation expense was charged to the governmental functions of the District as follows:

Governmental activities:	
Facilities acquisition	\$ 302,183
Unallocated depreciation	161,343
	<u>463,526</u>
Total depreciation expense - governmental activities	\$ 463,526
Business-type activities:	
Food services	\$ 2,784

6. Long-term Debt Obligations

Long-term liability activity for the year ended June 30, 2021 is as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Governmental activities:					
Long-term liabilities:					
Early retirement	\$ 125,000	\$ 450,000	\$ 75,000	\$ 500,000	\$ 275,000

Early Retirement

During fiscal year 2019, the District offered a voluntary early retirement plan to its employees. There was one employee that accepted effective June 30, 2019, and two employees that accepted effective June 30, 2020. Employees qualifying for the District's early retirement must have completed at least ten years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

During fiscal year 2021, the District offered a voluntary early retirement plan to its employees. There were six employees that accepted effective June 20, 2021. Employees qualifying for the District's early retirement must have completed at least twenty years of full-time service to the District and must have reached the age of fifty-five on or before June 30, 2021. The application for early retirement is subject to approval by the Board of Education.

For both early retirement plans, early retirement benefits will be paid in two equal installments over a two-year period beginning in July following the start of retirement, with a subsequent payment in July for the following year.

At June 30, 2021, the District has obligations to eight participants with a total liability of \$500,000. Actual early retirement expenditures for the year ended June 30, 2021 totaled \$75,000.

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.

Disability and Death Benefits

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

Contributions

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

NOTES TO FINANCIAL STATEMENTS

7. Pension Plan (Continued)

Contributions (Continued)

In fiscal year 2021, 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, 2021 totaled \$412,573.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a liability of \$3,787,904 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, the District's proportion was 0.053922%, which was an increase of 0.000491% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$551,842. At June 30, 2021, 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	\$ 4,185	\$ 89,783
Changes of assumptions	194,432	
Net difference between projected and actual earnings on IPERS' investments	212,941	
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	85,445	33,587
District contributions subsequent to the measurement date	412,573	
Total	<u>\$ 909,576</u>	<u>\$ 123,370</u>

\$412,573 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, 2022. 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
2022	\$ 47,076
2023	89,954
2024	91,993
2025	139,154
2026	5,456
Total	<u>\$ 373,633</u>

There were no non-employer contributing entities to IPERS.

7. Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2020 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, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017, and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	100.0%	

7. Pension Plan (Continued)

Discount Rate

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

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 6,316,010	\$ 3,787,904	\$ 1,668,125

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, 2021, the District had no payables to report for the defined benefit pension plan for legally required District contributions and legally required employee contributions, which had been withheld from employee wages but not yet remitted to IPERS.

8. Other Postemployment Benefits (OPEB)

Plan Description

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

OPEB Benefits

Individuals who are employed by the District and are eligible to participate in the group medical and dental plans are eligible to continue healthcare benefits upon retirement after attaining at least age 55. Coverage during retirement continues in the group medical and dental plans up to age 65. The group medical benefits are provided through a fully insured plan with partial self-funding to a lower deductible. Retirees covered by the plan make contributions toward the plan premiums.

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Active employees	99
Total	<u>105</u>

8. Other Postemployment Benefits (OPEB) (Continued)

Total OPEB Liability

The District's total OPEB liability of \$457,761 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 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, 2020)	3.00% per annum.
Rates of salary increase (effective June 30, 2020)	3.25% per annum, based on general wage growth assumption of IPERS actuarial valuation.
Discount rate (effective June 30, 2020)	3.50% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	7.50% initial rate decreasing by .25% annually to an ultimate rate of 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2019 generational projection of future mortality improvement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 444,539
Changes for the year:	
Service cost	33,648
Interest cost	16,097
Benefit payments	(36,523)
Net change	13,222
Total OPEB liability end of year	\$ 457,761

Changes of assumptions reflect no change in the discount rate of 3.50% in fiscal year 2020 to fiscal year 2021.

8. **Other Postemployment Benefits (OPEB) (Continued)**

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 (2.50%) or 1% higher (4.50%) than the current discount rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 492,621	\$ 457,761	\$ 425,629

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 if it were calculated using healthcare cost trend rates that are 1% lower (6.50%) or 1% higher (8.50%) than the current healthcare cost trend rates.

	1% Decrease (6.50%)	Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Total OPEB liability	\$ 415,241	\$ 457,761	\$ 508,118

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$55,875. At June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 24,175
Changes in assumptions	22,044
Total	\$ 46,219

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

Year Ending June 30,	Amount
2022	\$ 6,130
2023	6,130
2024	6,130
2025	6,130
2026	6,130
Thereafter	15,569
Total	\$ 46,219

9. Employee Insurance Plan

Monthly payments of service fees and plan contributions are recorded as expenditures in the general fund at the time of payment to the Northeast Iowa Schools Insurance Trust (trust) maintained by Midwest Group Benefits Consultants, Inc. There were three Wellmark Blue Cross/Blue Shield plans offered to the schools. The trust assumes liability for claims on its three plans as follows:

- Plan 1-between \$500 and \$6,500 for single coverage and \$1,000 and \$13,000 for family coverage,
- Plan 2-between \$1,000 and \$7,900 for single coverage and \$2,000 and \$15,800 for family coverage,
- Plan 3-between \$2,000 and \$6,500 for single coverage and \$4,000 and \$13,000 for family coverage.

All plans include coinsurance and plan 2 includes copayments. Claims in excess of the deductible are insured through the purchase of insurance. The District may be contingently liable for any claims in excess of funds available at June 30, 2021, since the pool arrangement allows the trust to make additional assessments to members. The District's share of the trust's liability for any unreported claim or assessment at June 30, 2021 was unavailable as of March 9, 2022. The District's contributions to the trust for the years ended June 30, 2021, 2020, and 2019 were \$631,615, \$673,232, and \$609,847, respectively, which equaled the required contributions each year. The employees paid \$20,958 in dental insurance for the year ended June 30, 2021.

The District does not report a liability for losses in excess of stop loss insurance unless it is deemed probable that such losses have occurred and the amount of such a loss can be reasonably estimated. Accordingly, at June 30, 2021, no liability has been recorded in the District's financial statements. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance company coverage.

10. Risk Management

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

11. 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 \$283,595 for the year ended June 30, 2021 and is recorded in the general fund by making a memorandum adjusting entry to the cash basis financial statements.

12. Cafeteria Plan

The District sponsors a Section 125 cafeteria plan as a part of its contractual obligation with its employees. Each participating employee must carry single health coverage. Additionally, participants may elect salary reduction to cover family health insurance, non-covered medical and dental expenses, and day care. There were 84 participants in the plan for the plan year ended June 30, 2021.

13. Commitments

The total outstanding construction and purchase commitments of the District at June 30, 2021 amounted to \$534,990, and there were no commitments to be reimbursed.

14. 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.

14. Categorical Funding (Continued)

The following is a schedule of the categorical funding restricted in the general fund at June 30, 2021.

Program	Amount
Teacher Leadership 2 nd Year	\$ 73,566
Professional Development	28,384
Gifted and Talented Program	48,371
Other	5,200
Teacher Salary Supplement	5,856
Textbook Aid – Nonpublic	3,397
Total	<u>\$ 164,774</u>

15. Contingencies

a. 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, 2021, 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.

b. Insurance Plan

As discussed in Note 9, the District is contingently liable for any unreported claim or assessment in excess of their balance in the insurance pool.

16. Net Position Deficit

The governmental activities had a deficit net position as of June 30, 2021. This deficit was incurred due to the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*.

17. 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 Calmar and the City of Ossian 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.

17. Tax Abatements (Continued)

Tax Abatements of Other Entities (Continued)

Property tax revenues of the District were reduced by the following amount for the year ended June 30, 2021 under an agreement entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Calmar	Urban renewal and economic development projects	\$ 7,958
City of Ossian	Urban renewal and economic development projects	3,367

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, 2021, this reimbursement amounted to \$40,820.

18. Prospective Accounting Change

The Governmental Accounting Standards Board (GASB) has issued one statement not yet implemented by the District. This statement which might impact the District is as follows:

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the fiscal year ending June 30, 2022. The Statement increases the usefulness of governments' financial statement by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

The District's management has not yet determined the effect this statement will have on the District's financial statements.

19. COVID-19

The recent COVID-19 outbreak in the United States has disrupted the District's operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Accordingly, the District expects this matter to impact its net position, however, the related financial impact and duration cannot be reasonably estimated at this time. The Coronavirus Aid, Relief and Economic Security (CARES) Act was enacted in March 2020 in response to the outbreak, which among other things contains numerous tax, emergency funding and other provisions. The District is currently evaluating the impact of the CARES Act on its operations and cash flows. The District directly received \$321,452 of funding from the CARES Act, of which \$299,638 was for the school emergency relief fund program and \$21,814 for the school nutrition fund.

20. Subsequent Events

Management has evaluated subsequent events through March 9, 2022, the date on which the financial statements were available to be issued.

Required Supplementary Information

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
REVENUES						
Local sources	\$ 4,224,445	\$ 121,684	\$ 4,346,129	\$ 4,507,311	\$ 4,507,311	\$ (161,182)
State sources	4,310,060	2,724	4,312,784	4,293,016	4,293,016	19,768
Federal sources	530,843	311,373	842,216	393,429	393,429	448,787
Total revenues	9,065,348	435,781	9,501,129	9,193,756	9,193,756	307,373
EXPENDITURES/EXPENSES						
Instruction	5,640,307		5,640,307	5,539,583	5,639,583	(724)
Support services	2,521,681		2,521,681	2,601,410	2,601,410	79,729
Non-instructional programs		425,227	425,227	374,942	474,942	49,715
Other expenditures	551,832		551,832	878,948	878,948	327,116
Total expenditures/expenses	8,713,820	425,227	9,139,047	9,394,883	9,594,883	455,836
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	351,528	10,554	362,082	(201,127)	(401,127)	763,209
OTHER FINANCING (USES) SOURCES, NET	(1,314)	1,314	-	3,779	3,779	(3,779)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES/EXPENSES AND OTHER FINANCING USES	350,214	11,868	362,082	(197,348)	(397,348)	759,430
FUND BALANCES, beginning of year	2,569,698	67,170	2,636,868	2,746,881	2,746,881	(110,013)
FUND BALANCES, end of year	\$ 2,919,912	\$ 79,038	\$ 2,998,950	\$ 2,549,533	\$ 2,349,533	\$ 649,417

See Notes to Required Budgetary Information and Independent Auditor's Report.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
For the Year Ended June 30, 2021

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs, and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the general fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$200,000.

During the year ended June 30, 2021, expenditures exceeded the amounts budgeted in the instruction programs function.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Last Seven Years*
(In Thousands)

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.053922%	0.053431%	0.052399%	0.052255%	0.053404%	0.057742%	0.058757%
District's proportionate share of the net pension liability	\$ 3,788	\$ 3,094	\$ 3,316	\$ 3,481	\$ 3,361	\$ 2,853	\$ 2,330
District's covered payroll	\$ 4,279	\$ 4,066	\$ 3,938	\$ 3,906	\$ 3,831	\$ 3,952	\$ 3,839
District's proportionate share of the net pension liability as a percentage of its covered payroll	88.53%	76.09%	84.21%	89.12%	87.73%	72.19%	60.69%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

* 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 Notes to Required Pension Liability Information and Independent Auditor's Report.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Last Ten Years
(In Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 413	\$ 404	\$ 384	\$ 352	\$ 349	\$ 342	\$ 353	\$ 343	\$ 311	\$ 285
Contributions in relation to the statutorily required contribution	(413)	(404)	(384)	(352)	(349)	(342)	(353)	(343)	(311)	(285)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,374	\$ 4,279	\$ 4,066	\$ 3,938	\$ 3,906	\$ 3,831	\$ 3,952	\$ 3,839	\$ 3,589	\$ 3,530
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	8.94%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%

See Notes to Required Pension Liability Information and Independent Auditor's Report.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
For the Year Ended June 30, 2021

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

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

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

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

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

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

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

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
For the Last Four Years

	2021	2020	2019	2018
Service cost	\$ 33,648	\$ 32,589	\$ 24,486	\$ 23,715
Interest cost	16,097	15,481	14,395	14,211
Difference between expected and actual experiences		18,798		13,895
Changes in assumptions		1,759		32,549
Benefit payments	(36,523)	(26,503)	(28,170)	(38,925)
Net change in total OPEB liability	13,222	42,124	10,711	45,445
Total OPEB liability beginning of year	444,539	402,415	391,704	346,259
Total OPEB liability end of year	<u>\$ 457,761</u>	<u>\$ 444,539</u>	<u>\$ 402,415</u>	<u>\$ 391,704</u>
Covered-employee payroll	\$ 4,183,038	\$ 4,051,369	\$ 3,255,557	\$ 3,153,082
Total OPEB liability as a percentage of covered-employee payroll	10.94%	10.97%	12.36%	12.42%

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

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

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

Year Ended June 30, 2021	3.50%
Year Ended June 30, 2020	3.50%
Year Ended June 30, 2019	3.58%
Year Ended June 30, 2018	3.58%
Year Ended June 30, 2017	2.50%

See Independent Auditor's Report.

Other Supplementary Information

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2021

	Special Revenue Fund Student Activity
ASSETS	
Cash and cash equivalents	\$ 54,165
Receivables:	
Accounts	<u>22,430</u>
Total assets	<u>\$ 76,595</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	<u>\$ 252</u>
Total liabilities	<u>252</u>
Fund balances:	
Restricted for:	
Student activities	<u>76,343</u>
Total fund balances	<u>76,343</u>
Total liabilities and fund balances	<u>\$ 76,595</u>

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2021

	Special Revenue Fund <u>Student Activity</u>
REVENUES	
Local sources:	
Local tax	
Other	\$ 170,503
Total revenues	<u>170,503</u>
EXPENDITURES	
Current:	
Instruction:	
Other instruction	<u>155,315</u>
Total expenditures	<u>155,315</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>15,188</u>
FUND BALANCES, beginning of year	<u>61,155</u>
FUND BALANCES, end of year	<u><u>\$ 76,343</u></u>

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND
STUDENT ACTIVITY ACCOUNTS
For the Year Ended June 30, 2021

	Balance June 30, 2020	Revenues and Transfers	Expenditures and Transfers	Balance June 30, 2021
Instrumental	\$ -	\$ 373	\$ 373	\$ -
Vocal	-	551	551	-
Miscellaneous General Fund	-	30		30
Resale	488	85		573
Interest	27	59	32	54
Food and Fitness	1,118			1,118
First Technology Challenge	1,082			1,082
Field Trips, Elementary and Middle School	7,428	9,414	5,675	11,167
Elementary	-	7,945	5,574	2,371
Music, Elementary and Middle School	-	350	350	-
Middle School Activity	71	1,813	1,717	167
Student Council, Middle School	2,339	3,044	514	4,869
Drama/Musical	2,287	1,922	3,668	541
Speech Activity and Debate	590		238	352
Choir, Senior High	170	52	222	-
Band Trip, Senior High	6,273	3,885	2,235	7,923
Pictures, Senior High	43			43
Field Trips, Senior High	5,741			5,741
All Athletic	202	11,610	9,775	2,037
Cross Country	-	1,542	1,542	-
Cheerleaders, Senior High	210			210
Flag Corp	179			179
Boys' Basketball	-	8,122	8,122	-
Football	-	15,527	15,527	-
Baseball	-	14,403	14,160	243
Boys' Track	-	4,057	4,057	-
Boys' Golf	-	880	403	477
Wrestling	-	15,154	15,154	-
Girls' Basketball	-	3,069	3,069	-
Volleyball	42	5,394	5,209	227
Softball	369	5,547	5,916	-
Girls' Track	-	4,093	4,093	-
Girls' Golf	-	445	445	-
Class of 2020	-	205	205	-
Class of 2021	4,740	3,004	7,744	-
Class of 2022	964		77	887
Class of 2023	290	1,083		1,373
Class of 2024	1,083	1,072	1,083	1,072
Class of 2025	1,072	2,056	1,072	2,056
All Fine Arts	475		25	450
Spanish Club	112			112
Art, Senior High	306			306
Drama Club	1,302			1,302
Student Council, Senior High	157		95	62
Yearbook	-	4,912	4,912	-
Band, Senior High	898	355	1,253	-
National Honor Society	1,892	6	448	1,450
Certificate of Deposit	160			160
Business Club	235			235
SODA	1,768			1,768
Prom	-	2,264	1,103	1,161
FFA Test Plot	8,399	1,305	1,550	8,154
FFA	8,643	52,569	44,821	16,391
Totals	\$ 61,155	\$ 188,197	\$ 173,009	\$ 76,343

See Independent Auditor's Report.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMPARATIVE SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
For the Years Ended June 30,

	Modified Accrual Basis									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
REVENUES										
Local sources:										
Local tax	\$ 3,596,569	\$ 3,727,596	\$ 3,618,572	\$ 3,358,671	\$ 3,143,996	\$ 2,985,491	\$ 2,917,701	\$ 2,717,318	\$ 2,603,482	\$ 2,884,018
Tuition	275,214	295,781	347,513	324,241	254,028	239,354	225,587	292,700	262,795	226,614
Other	352,662	308,080	338,422	1,021,329	1,158,173	1,316,287	1,483,330	1,141,002	1,301,247	1,286,069
State sources	4,310,060	3,876,233	3,701,793	3,253,669	3,452,596	3,246,876	3,390,500	3,396,675	3,467,383	3,409,559
Federal sources	530,843	231,567	237,343	236,955	273,845	316,036	336,636	353,179	344,496	445,871
Total revenues	\$ 9,065,348	\$ 8,439,257	\$ 8,243,643	\$ 8,194,865	\$ 8,282,638	\$ 8,104,044	\$ 8,353,754	\$ 7,900,874	\$ 7,979,403	\$ 8,252,131
EXPENDITURES										
Current:										
Instruction:										
Regular instruction	\$ 3,302,860	\$ 2,882,493	\$ 2,903,977	\$ 2,549,664	\$ 2,752,903	\$ 3,036,450	\$ 2,961,347	\$ 3,044,764	\$ 2,872,872	\$ 2,983,938
Special instruction	1,536,012	1,514,195	1,444,344	1,085,958	1,204,407	1,218,839	1,176,097	1,130,621	1,148,927	969,065
Other instruction	801,435	891,696	913,014	1,149,590	981,653	1,018,100	1,276,475	1,083,212	1,236,696	965,554
Support services:										
Student services	330,824	303,891	274,679	276,377	268,229	254,789	252,353	192,258	177,104	175,782
Instructional staff services	353,144	362,569	395,814	496,489	557,728	287,097	328,518	324,995	302,643	227,750
Administration services	789,341	827,324	877,225	620,703	572,489	466,444	641,957	662,012	633,518	587,736
Operation and maintenance plant services	564,790	528,157	623,743	763,297	671,026	661,678	584,742	508,048	514,120	421,226
Transportation services	483,582	359,461	431,128	315,059	305,130	320,823	468,218	356,882	380,236	351,298
Non-instructional										1,264
Other:										
Facilities acquisition	268,237	339,541	226,362	431,240	681,991	527,778	337,140	234,314	740,730	510,763
Long-term debt:										
Principal				19,619	18,505	17,453	84,203	62,220	61,059	63,379
Interest and fiscal charges				62	1,176	2,228	1,205	2,386	3,547	1,227
AEA flowthrough	283,595	259,000	256,708	257,849	252,124	257,471	257,927	255,511	249,144	246,788
Total expenditures	\$ 8,713,820	\$ 8,268,327	\$ 8,346,994	\$ 7,965,907	\$ 8,267,361	\$ 8,069,150	\$ 8,370,182	\$ 7,857,223	\$ 8,320,596	\$ 7,505,770

See Independent Auditor's Report.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

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

1. The auditor's report expresses unmodified opinions on whether the financial statements of South Winneshiek Community School District were prepared in accordance with U.S. generally accepted accounting principles.
2. One significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of South Winneshiek Community School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One significant deficiency in internal control over the major federal award programs was disclosed by the audit of the financial statements. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for South Winneshiek Community School District expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no audit findings which are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were as follows:
 - Clustered programs:
 - Child Nutrition Cluster:
 - Assistance Listing Number 10.555-U.S. Department of Agriculture-National School Lunch Program
 - Assistance Listing Number 10.555-USDA Child Nutrition Program CARES Grants to States (COVID-19 SFSP)
 - Assistance Listing Number 10.559-U.S. Department of Agriculture-Summer Food Service Program for Children
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. South Winneshiek Community School District was not determined to be a low-risk auditee.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Part II: Findings Related to the Financial Statements:

Instances of noncompliance: no matters were noted.

Internal control deficiencies:

Finding 2021-001 Overlapping Duties

Condition: The District's offices are not large enough to permit an adequate segregation of duties for effective internal controls. Management has not separated incompatible activities of personnel, thereby creating risks related to the safeguarding of cash and the accuracy of the financial statements.

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

Cause: The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records.

Effect: This deficiency results in a reasonable possibility that the District would not be able to detect misstatements that would be material in relation to the financial statements and/or federal award programs in a timely period by employees in the normal course of performing their assigned functions.

Recommendation: The District should review the operating procedures of the District offices to obtain the maximum internal control possible under the circumstances utilizing currently available staff. While we do recognize that the District is not large enough to permit a segregation of duties for effective internal controls, we believe it is important the Board be aware that this condition does exist.

**Views of Responsible
Officials and Planned**

Corrective Actions: Management is cognizant of this limitation and will implement additional procedures where possible.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Part III: Findings and Questioned Costs for Federal Awards:

Instances of noncompliance: no matters were noted.

Internal control deficiencies:

Assistance Listing Number 10.555-U.S. Department of Agriculture-National School Lunch Program
Assistance Listing Number 10.555-USDA Child Nutrition Program CARES Grants to States (COVID-19 SFSP)
Assistance Listing Number 10.559-U.S. Department of Agriculture-Summer Food Service Program for Children
Federal Award Year: 2021
Passed through the Iowa Department of Education
See 2021-001 above.

Part IV: Other Findings Related to Required Statutory Reporting:

See management letter dated March 9, 2022.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Grantor/Program Title	Federal Assistance Listing Number	Grant Number	Expenditures
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	FY21	\$ 271,283
National School Lunch Program	10.555	FY21	27,843 *
USDA Child Nutrition Program CARES Grants to States (COVID-19 SFSP)	10.555	FY21	21,814
Total National School Lunch Program			49,657
Total Child Nutrition Cluster			320,940
Total U.S. Department of Agriculture			320,940
U.S. Department of Education:			
Direct:			
Rural Education	84.358	FY21	40,079
Passed through Iowa Department of Education:			
Title I Grants to Local Education Agencies	84.010	FY21	70,458
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	FY21	13,383
Title IV Student Support and Academic Enrichment Program	84.424	FY21	10,000
Education Stabilization Fund (ESF) under the Coronavirus Aid, Relief and Economic Security Act (CARES) Cluster:			
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	FY21	32,800
COVID-19 Elementary and Secondary School Relief (ESSER) Funds	84.425D	FY21	266,838
Total Education Stabilization Fund under Cares Cluster			299,638
Passed through Keystone Area Education Agency			
Career and Technical Education - Basic Grants to States	84.048	FY21	8,901
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	FY21	33,116
Total U.S. Department of Education			475,575
Total Federal Financial Assistance			\$ 796,515

* Includes \$27,843 of non-cash awards.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Basis of Presentation:

- The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of South Winneshiek Community School District under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of South Winneshiek Community School District, it is not intended to and does not present the financial position, changes in net position or cash flows of South Winneshiek Community School District.

Summary of Significant Accounting Policies:

- Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Pass-through entity identifying numbers are presented where available.

Indirect Cost Rate:

- South Winneshiek Community School District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Subrecipients:

- There were no awards pass through to subrecipients.



Hacker Nelson
& Co., CPAs

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
South Winneshiek Community School District
Calmar, Iowa

We have audited, in accordance with the U.S. generally accepted auditing standards 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 South Winneshiek Community School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise South Winneshiek Community School District's basic financial statements, and have issued our report thereon dated March 9, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

South Winneshiek Community School District's Response to Finding

South Winneshiek Community School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. South Winneshiek Community School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Hacker, Nelson & Co., P.C.

Decorah, Iowa
March 9, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education
South Winneshiek Community School District
Calmar, Iowa

Report on Compliance for Each Major Federal Program

We have audited South Winneshiek Community School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of South Winneshiek Community School District's major federal programs for the year ended June 30, 2021. South Winneshiek Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of South Winneshiek Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about South Winneshiek Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of South Winneshiek Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, South Winneshiek Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of South Winneshiek Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered South Winneshiek Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of South Winneshiek Community School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

South Winneshiek Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. South Winneshiek Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Hacker, Nelson & Co., P.C.

Decorah, Iowa
March 9, 2022



Hacker Nelson & Co., CPAs

MANAGEMENT LETTER

To the Board of Education
South Winneshiek Community School District
Calmar, Iowa

In planning and performing our audit of the basic financial statements of South Winneshiek Community School District for the year ended June 30, 2021, we considered the District's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the District's compliance with certain sections of the Iowa Code, Attorney General's Opinions, and other matters. Items 1 through 13 below are compliance comments required by the Iowa Auditor of State. A separate report dated March 9, 2022, contains our report on the District's internal control over financial reporting. This letter does not affect our report dated March 9, 2022, on the basic financial statements of the South Winneshiek Community School District. All prior year comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the District's responses and, accordingly, we express no opinion on them.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

1. Certified Budget

Expenditures for the year ended June 30, 2021 exceeded the certified budget amounts in the instruction programs function.

Recommendation

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

Response and Corrective Action Planned

The District will monitor certified budget expenditures and amend the budget, as necessary.

Conclusion

Response accepted.

2. Questionable Expenditures

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

3. Travel Expense
No expenditures of District money for travel expenses of spouses of District officials and/or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions
We noted no business transactions between the District and District officials and/or employees for the year ended June 30, 2021.
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
We noted no transactions requiring Board approval which had not been approved by the Board. We also noted no minutes and bills that had not been published as required.
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
No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and District's investment policy were noted.
11. Certified Annual Report
The Certified Annual Report (CAR) was certified timely to the Iowa Department of Education.
12. Categorical Funding
No instances were noted of categorical funding being used to supplant rather than supplement other funds.
13. Statewide Sales, Services and Use Tax
No instances of noncompliance 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.

13. Statewide Sales, Services and Use Tax (Continued)

For the year ended June 30, 2021, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	676,022
Statewide sales, services and use tax	\$	522,185	
Transfer in		6,877	
Other		586	529,648
Expenditures/transfers out:			
Instruction services		97,578	
Instructional staff services		375	
Administration services		43,870	
Operation and maintenance plant services		19,328	
Transportation services		113,005	
Facilities acquisition		264,110	538,266
Ending balance		\$	667,404

For the year ended June 30, 2021, the District reduced the following levies as a result of the moneys received under Chapters 423E or 423F of the Code of Iowa:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Physical plant and equipment levy (PPEL)	\$ 1.34	\$ 522,185

14. Student Activity Fund

For the items tested, no instances of noncompliance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), for moneys in the student activity fund which should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program were noted.

We have also provided you under separate cover a listing of general steps that you should review and consider implementing to strengthen controls. This list is not all inclusive. You should review all aspects of your operations and implement appropriate controls as deemed necessary. Some of these items may not be applicable or you may have already implemented them.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of South Winneshiek Community School District during the course of our audit.

Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
March 9, 2022