

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

FINANCIAL REPORT

JUNE 30, 2025

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SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION AND SCHOOL OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Wendy Mihm-Herold	President	2025*
Don Schroeder	President	2025**
Ron Hemesath	Vice-President	2027***
Cathy Sabelka	Board Member	2025****
Craig Neuzil	Board Member	2027*****
Patricia Schissel	Board Member	2025
Landon Holthaus	Board Member	2027*****
<u>School Officials</u>		
Kris Einck	Superintendent	
Kris Smith	Business Manager, SBO, Board Secretary/Treasurer	

- * Resigned effective July 8, 2024 and was appointed effective December 9, 2024 as President
** Effective July 8, 2024 appointed President and resigned effective December 9, 2024
*** Effective July 8, 2024 appointed Vice-President
**** Appointed effective July 8, 2024
***** Resigned effective May 13, 2025
***** Appointed effective May 13, 2025



INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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

Report on the Audit of the Financial Statements

Opinions

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 the South Winneshiek Community School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2025, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the South Winneshiek Community School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 19 to the financial statements, South Winneshiek Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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 5 through 5g and pages 38 through 43 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Winneshiek Community School District's June 30, 2025 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, 2024 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 4 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information shown on Schedules 1 through 4 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information shown on Schedules 1 through 4 are fairly stated in all material respects in relation to the years ended June 30, 2016 through 2025 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 December 31, 2025, on our consideration of the 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 the 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., CPAs

Decorah, Iowa
December 31, 2025

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
CALMAR, IOWA

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

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, 2025.

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.

2025 FINANCIAL HIGHLIGHTS

The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 101, *Compensated Absences*, during fiscal year 2025. The implementation of this standard revised the recognition and measurement criteria for compensated absences, requiring liabilities to be recorded when leave is earned rather than when it becomes payable. This restatement resulted in an increase to the beginning compensated absences liability and a corresponding decrease to beginning net position in the government-wide and proprietary fund financial statements.

In total, net position increased \$313,641. Net position in governmental activities increased \$368,901. Net position in the business-type activities, which represents the District's food services operations and 3-year-old preschool, decreased \$55,260.

General fund revenues (which include the instructional support fund) accounted for \$8,463,239 in revenue or 78.10% of all governmental revenues. General fund expenditures (which include the instructional support fund) accounted for \$9,220,599 in expenditures or 84.88% 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 with all other nonmajor funds presented in total in a single column. 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.

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 2025 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, the debt service fund, and the capital projects funds.

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

- 2) **Proprietary funds:** services for which the District charges a fee are generally reported in 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 monies 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 2025 for governmental activities was \$5,726,065 and for business-type activities was \$170,645. The following is a summary perspective of the statement of net position of the District for the fiscal years ended June 30, 2025 and 2024.

Condensed Statement of Net Position (Expressed in Thousands)							
	Governmental Activities		Business-type Activities		Total		
	2025	2024*	2025	2024*	2025	2024*	
Current and other assets	\$ 10,072	\$ 9,646	\$ 213	\$ 271	\$ 10,285	\$ 9,917	
Capital assets	3,858	3,600	36	42	3,894	3,642	
Total assets	13,930	13,246	249	313	14,179	13,559	
Deferred outflows of resources	781	912	51	55	832	967	
Current liabilities	1,874	1,290	66	51	1,940	1,341	
Noncurrent liabilities	2,921	2,779	53	39	2,974	2,818	
Total liabilities	4,795	4,069	119	90	4,914	4,159	
Deferred inflows of resources	4,190	4,097	10	18	4,200	4,115	
Net position:							
Net investment in capital assets	3,827	3,555	36	42	3,863	3,597	
Restricted	4,219	3,457			4,219	3,457	
Unrestricted (deficit)	(2,320)	(1,020)	135	218	(2,185)	(802)	
Total net position	\$ 5,726	\$ 5,992	\$ 171	\$ 260	\$ 5,897	\$ 6,252	

* Not restated

The District's total net position increased. The largest portion of the District's net position is invested in capital assets (e.g., land, buildings and equipment, and right-to-use 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 \$762,000 or 23.04%, over the prior year. The increase was primarily a result of increased physical plant and equipment levy funds and management levy funds.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased due to the financial results of the year in the general fund and the increase in restricted net position.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

As shown below, the following analysis shows the change in net position for the years ended June 30, 2025 and 2024.

	Changes in Net Position (Expressed in Thousands)					
	Governmental Activities		Business-type Activities		Total	
	2025	2024*	2025	2024*	2025	2024*
REVENUES						
Program revenue:						
Charges for service	\$ 945	\$ 809	\$ 304	\$ 276	\$ 1,249	\$ 1,085
Operating grants	2,027	1,714	214	224	2,241	1,938
General revenue:						
Property taxes	3,825	3,924			3,825	3,924
Sales tax and surtax	705	681			705	681
Unrestricted state grants	3,052	2,710			3,052	2,710
Unrestricted investment earnings	173	159	1	1	174	160
Other revenue	109	118			109	118
Total revenues	10,836	10,115	519	501	11,355	10,616
PROGRAM EXPENSES						
Instruction	6,527	6,008			6,527	6,008
Student support	3,159	2,824			3,159	2,824
Non-instructional programs			624	551	624	551
Other expenses	731	867			731	867
Total expenses	10,417	9,699	624	551	11,041	10,250
Transfers	(50)	4	50	(4)	-	-
Change in net position	369	420	(55)	(54)	314	366
NET POSITION, beginning of year, as restated	5,357	5,572	226	314	5,583	5,886
NET POSITION, end of year	\$ 5,726	\$ 5,992	\$ 171	\$ 260	\$ 5,897	\$ 6,252

*Not restated

In fiscal year 2025, property tax and unrestricted state grants accounted for 63.46% of the revenue from governmental activities while charges for service and operating grants accounted for 100% of the revenue from business-type activities.

The District's total revenues were approximately \$11.3 million, of which approximately \$10.8 million was for governmental activities and \$500,000 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 \$4,603,823, a \$77,122 decrease from the prior year end balance of \$4,680,945.

- The ending fund balance in the general fund of \$500,931 showed a decrease of \$807,360 from the prior year balance of \$1,308,291. The general fund has been decreasing due to an increase in instructional and support services expenses without an increase in revenue to offset it.
- The management levy fund balance increased \$547,762 for fiscal year 2025. This was due to an increase in property taxes in anticipation of paying out termination benefits in the next few years.
- The physical plant and equipment levy (PPEL) fund balance increased \$31,021 during fiscal year 2025.
- The statewide sales, services and use tax fund balance increased \$157,171.

Proprietary Funds Highlights

- The school nutrition fund balance decreased \$60,620 during fiscal year 2025. The decrease is mainly due to the District having more salary expense.
- The 3-year-old preschool fund balance increased \$5,360 during the fiscal year 2025. 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 throughout the District.

The District's total revenues were \$895,189 more than total budgeted revenues, a variance of 8.56%. The most significant variance resulted from the District receiving more revenues from local sources than originally anticipated.

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 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.

In spite of the District's budgetary practice, the amended budget was exceeded in the instruction function and non-instructional programs function areas.

BUDGETARY HIGHLIGHTS (Continued)

The following chart shows the original and final budget for fiscal year 2025 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	\$ 5,326	\$ 4,743	\$ 4,743	\$ 583
State sources	5,329	5,214	5,214	115
Federal sources	701	504	504	197
Total revenues	\$ 11,356	\$ 10,461	\$ 10,461	\$ 895
Expenditures/Expenses:				
Instruction	\$ 6,776	\$ 5,813	\$ 6,713	\$ (63)
Support services	3,247	3,355	3,605	358
Non-instructional programs	625	550	550	(75)
Other expenditures	840	885	885	45
Total expenditures/expenses	\$ 11,488	\$ 10,603	\$ 11,753	\$ 265

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2025, South Winneshiek Community School District had \$3,858,002 invested in a broad range of capital assets, including buildings, land and equipment for the governmental activities. For the enterprise funds, the District had \$35,961 invested in equipment in the school nutrition fund.

The District had depreciation/amortization expense of \$448,303 for fiscal year 2025 and total accumulated depreciation/amortization of \$7,343,998 as of June 30, 2025 for the governmental activities. The District had depreciation/amortization expense of \$8,867 for fiscal year 2025 and total accumulated depreciation/amortization of \$129,410 as of June 30, 2025 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 \$1,009,302 in debt compared to \$940,248 restated prior year. All debt is from right-to-use agreements, compensated absences, and termination benefits. 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

Several economic factors and conditions currently influence the financial position and operations of the District. These factors include statewide school funding provisions, enrollment trends, local economic activity, and inflationary pressures.

State and Federal Funding

State funding remains the District's primary revenue source, generated largely through the State Foundation Aid formula. The Iowa Legislature sets the State Supplemental Aid (SSA) each year; the SSA rate directly impacts the District's general fund revenue capacity. For the upcoming fiscal year, SSA was set at 2%, which represented a slight increase compared to the prior year. Because state aid is enrollment-driven, any fluctuations in certified enrollment will also affect future revenue.

Federal funding continues to support specific programs, including Title I, Title II, Special Education (IDEA), and school nutrition services. While pandemic-related ESSER funding has ended or tapered off, the District has transitioned remaining expenditures back to the general fund where required.

Enrollment Trends

Enrollment is a key driver of the District's funding under Iowa's school finance formula. The District's most recent October 1, 2025 certified enrollment shows a decrease of 20 students from the prior year. This change will impact funding in future fiscal years due to Iowa's one-year funding lag. The District continues to monitor demographic patterns and open enrollment.

The District has implemented cost-containment and efficiency strategies to manage increases while maintaining high-quality educational services.

Long-Term Financial Considerations

The District maintains a focus on long-term planning, including facility needs, technology investments, and maintaining adequate reserves. The Board has continued its commitment to responsible stewardship of taxpayer resources through monitoring of:

- Unspent Authorized Budget (UAB)
- General fund balance trends.
- Debt service requirements will begin in FY26 with the passing of the November 4, 2025 bond referendum to tear off, remodel and build a portion of the high school.
- PPEL and SAVE long-range capital plans.

The District believes it is well-positioned to manage current economic conditions while continuing to meet the educational needs of students and the community.

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, 2025

EXHIBIT A

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 5,655,306	\$ 194,066	\$ 5,849,372
Receivables:			
Property tax:			
Delinquent	24,149		24,149
Succeeding year	3,685,459		3,685,459
Accounts	224,918		224,918
Prepaid expenses	54,800		54,800
Due from other governments	428,136		428,136
Inventories		7,885	7,885
Capital assets, non-depreciable	281,659		281,659
Capital assets, net of accumulated depreciation/amortization	3,576,343	35,961	3,612,304
Net pension asset		10,641	10,641
Total assets	<u>13,930,770</u>	<u>248,553</u>	<u>14,179,323</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	708,593	48,257	756,850
OPEB related deferred outflows	71,986	3,233	75,219
Total deferred outflows of resources	<u>780,579</u>	<u>51,490</u>	<u>832,069</u>
Total assets and deferred outflows of resources	<u><u>\$ 14,711,349</u></u>	<u><u>\$ 300,043</u></u>	<u><u>\$ 15,011,392</u></u>
LIABILITIES			
Accounts payable	\$ 615,082		\$ 615,082
Salaries and benefits payable	858,770	\$ 50,661	909,431
Advances from grantors	37,600		37,600
Unearned revenues		12,055	12,055
Long-term liabilities:			
Portion due within one year:			
Compensated absences	45,391	3,177	48,568
Right-to-use agreements	15,332		15,332
Termination benefits	302,500		302,500
Portion due after one year:			
Compensated absences	408,517	28,595	437,112
Right-to-use agreements	15,790		15,790
Termination benefits	190,000		190,000
Net pension liability	1,905,012	10,933	1,915,945
Total OPEB liability	401,318	13,913	415,231
Total liabilities	<u>4,795,312</u>	<u>119,334</u>	<u>4,914,646</u>
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	3,685,459		3,685,459
Pension related deferred inflows	127,655	5,353	133,008
OPEB related deferred inflows	104,824	4,711	109,535
Other	272,034		272,034
Total deferred inflows of resources	<u>4,189,972</u>	<u>10,064</u>	<u>4,200,036</u>
NET POSITION			
Net investment in capital assets	3,826,880	35,961	3,862,841
Restricted for:			
Capital projects	1,745,276		1,745,276
Management levy purposes	1,962,592		1,962,592
Physical plant and equipment	314,015		314,015
Student activities	81,009		81,009
Categorical funding	116,419		116,419
Unrestricted (deficit)	(2,320,126)	134,684	(2,185,442)
Total net position	<u>5,726,065</u>	<u>170,645</u>	<u>5,896,710</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 14,711,349</u></u>	<u><u>\$ 300,043</u></u>	<u><u>\$ 15,011,392</u></u>

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

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	\$ 3,442,270	\$ 767,391	\$ 1,439,009	\$ (1,235,870)		\$ (1,235,870)
Special	1,874,081	120,205	8,522	(1,745,354)		(1,745,354)
Other	1,211,063	42,010	154,293	(1,014,760)		(1,014,760)
	<u>6,527,414</u>	<u>929,606</u>	<u>1,601,824</u>	<u>(3,995,984)</u>	<u>\$ -</u>	<u>(3,995,984)</u>
Support services:						
Student	408,386			(408,386)		(408,386)
Instructional staff	427,506			(427,506)		(427,506)
Administration	1,083,567			(1,083,567)		(1,083,567)
Operation and maintenance plant	736,234			(736,234)		(736,234)
Transportation	503,558	15,782	78,704	(409,072)		(409,072)
	<u>3,159,251</u>	<u>15,782</u>	<u>78,704</u>	<u>(3,064,765)</u>	<u>-</u>	<u>(3,064,765)</u>
Other:						
Facilities acquisition	311,528		100,519	(211,009)		(211,009)
AEA flowthrough	246,101		246,101	-		-
Depreciation/amortization (unallocated)*	173,356			(173,356)		(173,356)
	<u>730,985</u>	<u>-</u>	<u>346,620</u>	<u>(384,365)</u>	<u>-</u>	<u>(384,365)</u>
Total governmental activities	<u>10,417,650</u>	<u>945,388</u>	<u>2,027,148</u>	<u>(7,445,114)</u>	<u>-</u>	<u>(7,445,114)</u>
BUSINESS-TYPE ACTIVITIES						
Non-instructional programs:						
Nutrition services	507,891	242,700	203,727		(61,464)	(61,464)
Child care operations	116,676	61,552	10,484		(44,640)	(44,640)
Total business-type activities	<u>624,567</u>	<u>304,252</u>	<u>214,211</u>	<u>-</u>	<u>(106,104)</u>	<u>(106,104)</u>
Total	<u>\$ 11,042,217</u>	<u>\$ 1,249,640</u>	<u>\$ 2,241,359</u>	<u>(7,445,114)</u>	<u>(106,104)</u>	<u>(7,551,218)</u>
GENERAL REVENUES						
Property taxes levied for:						
General purposes				2,664,407		2,664,407
Management levy purposes				882,828		882,828
Physical plant and equipment				277,658		277,658
Statewide sales, services and use tax				704,862		704,862
Unrestricted state grants				3,051,935		3,051,935
Unrestricted investment earnings				173,652	844	174,496
Transfer (out) in				(50,000)	50,000	-
Other				108,673		108,673
Total general revenues				<u>7,814,015</u>	<u>50,844</u>	<u>7,864,859</u>
Change in net position				368,901	(55,260)	313,641
NET POSITION, beginning of year, as restated				<u>5,357,164</u>	<u>225,905</u>	<u>5,583,069</u>
NET POSITION, end of year				<u>\$ 5,726,065</u>	<u>\$ 170,645</u>	<u>\$ 5,896,710</u>

*This amount excludes the depreciation/amortization 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, 2025

				Capital Projects Funds								
		Special		Physical	Statewide	Nonmajor	Total					
		Revenue Fund		Plant and	Sales, Services	Governmental	Governmental					
		Management Levy		Equipment Levy	and Use Tax	Funds	Funds					
		General										
ASSETS												
Cash and pooled investments	\$	1,519,167	\$	1,956,633	\$	330,469	\$	1,787,191	\$	61,846	\$	5,655,306
Receivables:												
Property tax:												
Delinquent		17,149		5,959		1,041						24,149
Succeeding year		3,103,959		400,000		181,500						3,685,459
Accounts		201,019						23,899				224,918
Prepaid expenses		44,110						10,690				54,800
Due from other governments		218,202				136,017		73,917				428,136
Total assets	\$	5,103,606	\$	2,362,592	\$	649,027	\$	1,871,798	\$	85,745	\$	10,072,768
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES												
Liabilities:												
Accounts payable	\$	466,329			\$	17,495	\$	126,522	\$	4,736	\$	615,082
Salaries and benefits payable		858,770										858,770
Advances from grantors		37,600										37,600
Total liabilities		1,362,699	\$	-		17,495		126,522		4,736		1,511,452
Deferred inflows of resources:												
Unavailable revenues:												
Succeeding year property tax		3,103,959		400,000		181,500						3,685,459
Other		136,017				136,017						272,034
Total deferred inflows of resources		3,239,976		400,000		317,517		-		-		3,957,493
Fund balances:												
Nonspendable:												
Prepaid expenses		44,110						10,690				54,800
Restricted for:												
Categorical funding		116,419										116,419
Management levy purposes				1,962,592								1,962,592
Student activities										81,009		81,009
Capital projects								1,734,586				1,734,586
Physical plant and equipment						314,015						314,015
Unassigned		340,402										340,402
Total fund balances		500,931		1,962,592		314,015		1,745,276		81,009		4,603,823
Total liabilities, deferred inflows of resources and fund balances	\$	5,103,606	\$	2,362,592	\$	649,027	\$	1,871,798	\$	85,745	\$	10,072,768

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET POSITION

Total governmental fund balances		\$	4,603,823
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/amortization of: \$7,343,998.			3,858,002
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	\$	780,579	
Deferred inflows of resources		(232,479)	548,100
Some liabilities, including compensated absences payable, right-to-use agreements, termination benefits, net pension liability, and total OPEB liability are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds:			
Compensated absences		(453,908)	
Right-to-use agreements		(31,122)	
Termination benefits		(492,500)	
Net pension liability		(1,905,012)	
Total OPEB liability		(401,318)	(3,283,860)
Net position of governmental activities per Exhibit A		\$	<u>5,726,065</u>

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, 2025

	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 property tax	\$ 2,664,407	\$ 882,828	\$ 277,658			\$ 3,824,893
Tuition	650,105					650,105
Other	147,537	114,822	27,124	\$ 41,024	\$ 215,239	545,746
State sources	4,612,227	7,862	1,374	704,862		5,326,325
Federal sources	388,963			100,519		489,482
Total revenues	8,463,239	1,005,512	306,156	846,405	215,239	10,836,551
EXPENDITURES						
Current:						
Instruction:						
Regular	3,705,214	142,883	97,959	11,853		3,957,909
Special	1,874,891					1,874,891
Other	722,575				220,955	943,530
	6,302,680	142,883	97,959	11,853	220,955	6,776,330
Support services:						
Student	408,386					408,386
Instructional staff	296,451		127,469	4,290		428,210
Administration	926,196	117,318	31,955	9,346		1,084,815
Operation and maintenance plant	558,303	173,233		27,590		759,126
Transportation	482,482	24,316		59,834		566,632
	2,671,818	314,867	159,424	101,060	-	3,247,169
Other:						
Long-term debt:						
Principal					14,887	14,887
Interest and fiscal charges					1,157	1,157
Facilities acquisition			1,708	576,321		578,029
AEA flowthrough	246,101					246,101
	246,101	-	1,708	576,321	16,044	840,174
Total expenditures	9,220,599	457,750	259,091	689,234	236,999	10,863,673
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(757,360)	547,762	47,065	157,171	(21,760)	(27,122)
OTHER FINANCING SOURCES (USES)						
Transfers in					16,044	16,044
Transfers (out)	(50,000)		(16,044)			(66,044)
	(50,000)	-	(16,044)	-	16,044	(50,000)
Change in fund balances	(807,360)	547,762	31,021	157,171	(5,716)	(77,122)
FUND BALANCES, beginning of year	1,308,291	1,414,830	282,994	1,588,105	86,725	4,680,945
FUND BALANCES, end of year	\$ 500,931	\$ 1,962,592	\$ 314,015	\$ 1,745,276	\$ 81,009	\$ 4,603,823

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, 2025

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		\$	(77,122)
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/amortization expenses in the statement of activities. This is the amount by which capital outlays exceeded depreciation/amortization in the current year, as follows:			
Depreciation/amortization	\$	(448,303)	
Capital outlays		<u>705,428</u>	257,125
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.			
			14,887
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.			
			462,147
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:			
Compensated absences		181,263	
Termination benefits		(267,500)	
Pension expense		(200,894)	
OPEB expense		<u>(1,005)</u>	(288,136)
Change in net position of governmental activities per Exhibit B		\$	<u>368,901</u>

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	School Nutrition	3-Year-Old Preschool	Total
ASSETS			
CURRENT ASSETS			
Cash	\$ 160,861	\$ 33,205	\$ 194,066
Inventories	7,885		7,885
Total current assets	168,746	33,205	201,951
NONCURRENT ASSETS			
Furniture and equipment	165,371		165,371
Less accumulated depreciation	(129,410)		(129,410)
Net pension asset		10,641	10,641
Total noncurrent assets	35,961	10,641	46,602
Total assets	204,707	43,846	248,553
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	35,322	12,935	48,257
OPEB related deferred outflows	2,482	751	3,233
Total deferred outflows of resources	37,804	13,686	51,490
Total assets and deferred outflows of resources	\$ 242,511	\$ 57,532	\$ 300,043
LIABILITIES			
CURRENT LIABILITIES			
Salaries and benefits payable	\$ 35,912	\$ 14,749	\$ 50,661
Compensated absences	2,595	582	3,177
Unearned revenues	12,055		12,055
Total current liabilities	50,562	15,331	65,893
NONCURRENT LIABILITIES			
Compensated absences	23,352	5,243	28,595
Net pension liability	10,933		10,933
Total OPEB liability	9,867	4,046	13,913
Total noncurrent liabilities	44,152	9,289	53,441
Total liabilities	94,714	24,620	119,334
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	4,247	1,106	5,353
OPEB related deferred inflows	3,615	1,096	4,711
	7,862	2,202	10,064
NET POSITION			
Net investment in capital assets	35,961		35,961
Unrestricted	103,974	30,710	134,684
Total net position	139,935	30,710	170,645
Total liabilities, deferred inflows of resources and net position	\$ 242,511	\$ 57,532	\$ 300,043

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, 2025

	School Nutrition	3-Year-Old Preschool	Total
OPERATING REVENUES			
Local sources:			
Charges for services	\$ 242,700	\$ 61,552	\$ 304,252
OPERATING EXPENSES			
Non-instructional programs:			
Operations:			
Salaries and benefits	267,473	116,482	383,955
Purchased services	2,809	22	2,831
Supplies	228,742	172	228,914
Depreciation	8,867		8,867
Total operating expenses	507,891	116,676	624,567
Operating loss	(265,191)	(55,124)	(320,315)
NONOPERATING REVENUES			
Interest income	844		844
State sources	2,901		2,901
Federal sources	200,826	10,484	211,310
Total nonoperating revenues	204,571	10,484	215,055
Loss before transfers	(60,620)	(44,640)	(105,260)
TRANSFERS IN	-	50,000	50,000
Change in net position	(60,620)	5,360	(55,260)
NET POSITION, beginning of year, as restated	200,555	25,350	225,905
NET POSITION, end of year	\$ 139,935	\$ 30,710	\$ 170,645

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	School Nutrition	3-Year-Old Preschool	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of lunches and breakfasts	\$ 242,954		\$ 242,954
Cash received from miscellaneous operating activities		\$ 61,552	61,552
Cash paid to employees for services	(282,194)	(116,961)	(399,155)
Cash paid to suppliers for goods or services	(192,191)	2,071	(190,120)
Net cash used in operating activities	(231,431)	(53,338)	(284,769)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State and federal grants received	163,938	10,484	174,422
Transfers in		50,000	50,000
Net cash provided by noncapital financing activities	163,938	60,484	224,422
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of equipment	(3,040)	-	(3,040)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	844	-	844
Net (decrease) increase in cash	(69,689)	7,146	(62,543)
CASH AND CASH EQUIVALENTS, beginning of year	230,550	26,059	256,609
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 160,861</u>	<u>\$ 33,205</u>	<u>\$ 194,066</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (265,191)	\$ (55,124)	\$ (320,315)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	8,867		8,867
Commodities used	39,789		39,789
Change in assets and liabilities:			
Inventories	(429)		(429)
Deferred outflows of resources	5,593	(2,171)	3,422
Net pension asset		(3,888)	(3,888)
Salaries and benefits payable	2,292	8,341	10,633
Unearned revenues	254		254
Compensated absences	(4,561)	2,265	(2,296)
Net pension liability	(12,667)		(12,667)
OPEB liability	(9)	(3)	(12)
Deferred inflows of resources	(5,369)	(2,758)	(8,127)
Net cash used in operating activities	<u>\$ (231,431)</u>	<u>\$ (53,338)</u>	<u>\$ (284,769)</u>
Non-cash, noncapital financing activities:			
During the year ended June 30, 2025, the District received commodities valued at:	<u>\$ 39,789</u>		

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2025

	<u>Custodial Fund</u>
ASSETS	
Cash and pooled investments	\$ 1,885
Total assets	<u>\$ 1,885</u>
NET POSITION	
Restricted for other organizations	\$ 1,885
Total net position	<u>\$ 1,885</u>

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2025

	<u>Custodial Fund</u>
ADDITIONS	
Miscellaneous	\$ 11,600
DEDUCTIONS	
Administrative	<u>11,249</u>
Change in net position	351
NET POSITION, beginning of year	<u>1,534</u>
NET POSITION, end of year	<u><u>\$ 1,885</u></u>

See Notes to Financial Statements.

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 (GAAP) 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 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 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 right-to-use agreements 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 Pooled Investments

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 the investment in Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized 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, 2023 assessed property valuations; is for the tax accrual period July 1, 2024 through June 30, 2025 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2024.

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, 2025, 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 are tangible and intangible assets, which include property, furniture and equipment 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 (except for intangible right-to-use lease assets, the measurement of which is discussed under "Leases" below) if purchased or constructed. Donated capital assets are recorded at 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
Right-to-use leased assets	2,500
Furniture and equipment:	
School nutrition fund equipment	500
Other furniture and equipment	2,500

Land and construction in progress are not depreciated. Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

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

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):

Leases - District as Lessee

South Winneshiek Community School District is the lessee for a noncancellable lease of equipment. The District has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes leases with an initial, individual value of \$2,500 or more.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

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

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments.

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

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

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.

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, 2025 was used to calculate the salaries payable.

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):

Advances from Grantors

Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

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.

Compensated Absences

District employees accumulate a limited amount of earned but unused sick or personal leave for subsequent use. They are not available for payment upon termination, death or retirement. A liability is recorded in the government-wide and proprietary fund financial statements when each of following have occurred: the leave is attributable to services already rendered, the leave accumulates and carries over from one reporting period to the next and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2025.

Long-term Liabilities

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities column in the statement of net position. Termination benefits liability has been paid primarily by the major 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 and business-type activities will be paid primarily by the general fund and the enterprise funds-school nutrition fund and 3-year-old preschool fund.

Total OPEB Liability

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

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

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

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

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 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/amortization 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, 2025, expenditures exceeded the certified budget amounts in the instruction and non-instructional programs functions.

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 Pooled Investments

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

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

At June 30, 2025, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) as follows:

	Amortized Cost
Diversified portfolio	\$ 3,148,942
Direct government obligations portfolio	378,181
Total	<u>\$ 3,527,123</u>

There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

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

NOTES TO FINANCIAL STATEMENTS

3. Due from Other Governments

Due from other governments consist of the following at June 30, 2025:

Governmental:	
General fund:	
Transportation aid, nonpublic	\$ 54,729
Other	3,019
Title I	24,437
Income surtax	<u>136,017</u>
	<u>218,202</u>
Capital projects funds:	
PPEL:	
Income surtax	<u>136,017</u>
Statewide sales, services and use tax:	
Local option sales tax	<u>73,917</u>
	<u>209,934</u>
Total due from other governments	<u><u>\$ 428,136</u></u>

4. Interfund Transfers

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund		\$ 50,000
Debt service fund	\$ 16,044	
Capital projects funds:		
Physical plant and equipment levy fund		16,044
Business-type activities:		
3-year-old preschool fund	<u>50,000</u>	
Total	<u><u>\$ 66,044</u></u>	<u><u>\$ 66,044</u></u>

Transfers to the 3-year-old preschool fund were to eliminate the preschool deficit.

Transfers between physical plant and equipment levy fund and debt service fund were to move resources for lease payments.

NOTES TO FINANCIAL STATEMENTS

5. Capital Assets

Capital assets activity for the governmental activities for the year ended June 30, 2025 is as follows:

Governmental Activities	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Land	\$ 102,262			\$ 102,262
Construction in progress	22,162	\$ 179,397	\$ (22,162)	179,397
Total capital assets not being depreciated	124,424	179,397	(22,162)	281,659
Capital assets being depreciated:				
Land improvements	779,804			779,804
Buildings	5,970,383	22,162		5,992,545
Furniture and equipment	3,573,279	526,031	(26,000)	4,073,310
Total capital assets being depreciated	10,323,466	548,193	(26,000)	10,845,659
Less accumulated depreciation for:				
Land improvements	155,264	7,097		162,361
Buildings	3,778,131	151,322		3,929,453
Furniture and equipment	2,965,895	274,947	(26,000)	3,214,842
Total accumulated depreciation	6,899,290	433,366	(26,000)	7,306,656
Total capital assets being depreciated, net	3,424,176	114,827	-	3,539,003
Intangible right-to-use assets:				
Leased equipment	74,682			74,682
Less accumulated amortization	22,405	14,937		37,342
Intangible right-to-use assets, net	52,277	(14,937)	-	37,340
Total capital assets being depreciated/amortized, net	3,476,453	99,890	-	3,576,343
Governmental activities:				
Capital assets, net	\$ 3,600,877	\$ 279,287	\$ (22,162)	\$ 3,858,002

Capital assets activity for the business-type activities for the year ended June 30, 2025 is as follows:

Business-type Activities	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Furniture and equipment	\$ 162,331	\$ 3,040		\$ 165,371
Less accumulated depreciation	120,543	8,867		129,410
Business-type activities:				
Capital assets, net	\$ 41,788	\$ (5,827)	\$ -	\$ 35,961

NOTES TO FINANCIAL STATEMENTS

5. Capital Assets (Continued)

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

Governmental activities:	
Facilities acquisition	\$ 274,947
Unallocated depreciation/amortization	<u>173,356</u>
Total depreciation/amortization expense:	
Governmental activities	<u>\$ 448,303</u>
Business-type activities:	
Food services	<u>\$ 8,867</u>

6. Long-term Debt Obligations

Long-term liability activity for the year ended June 30, 2025 is as follows:

	Balance June 30, 2024			Balance June 30, 2025	Amounts Due Within One Year
	As Restated	Additions	Reductions		
Termination benefits	\$ 225,000	\$ 380,000	\$ 112,500	\$ 492,500	\$ 302,500
Compensated absences	669,239		183,559 *	485,680	48,568
Right-to-use agreements	<u>46,009</u>		<u>14,887</u>	<u>31,122</u>	<u>15,332</u>
Total long-term liabilities	<u>\$ 940,248</u>	<u>\$ 380,000</u>	<u>\$ 310,946</u>	<u>\$ 1,009,302</u>	<u>\$ 366,400</u>

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

Termination Benefits

The District offered a voluntary early retirement plan to its employees. There were three employees that accepted effective June 30, 2024, and six employees that accepted effective June 30, 2025. 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, 2024 or June 30, 2025. The application for early retirement is subject to approval by the Board of Education.

Termination benefits are 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.

As of June 30, 2025, the District has obligations to nine participants with a total liability of \$492,500. Actual termination benefit expenditures for the year ended June 30, 2025 totaled \$112,500.

Right-to-Use Agreements

On July 1, 2022, the District entered into a lease agreement for copiers. The agreement requires monthly payments of \$1,337 over five years with an implicit interest rate of 3% and the final payment due June 1, 2027. During the year ended June 30, 2025, principal and interest paid were \$14,887 and \$1,157, respectively.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 15,332	\$ 712	\$ 16,044
2027	<u>15,790</u>	<u>254</u>	<u>16,044</u>
Total	<u>\$ 31,122</u>	<u>\$ 966</u>	<u>\$ 32,088</u>

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 Regular member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month 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 2025, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2025 totaled \$488,110.

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

At June 30, 2025, the District reported a net pension liability of \$1,905,304 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total net pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2024, the District's proportion was 0.052322%, which was an increase of 0.002451% over its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$205,541. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 151,607	\$ 1,184
Changes of assumptions		27
Net difference between projected and actual earnings on IPERS' investments	23,829	
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	93,304	131,797
District contributions subsequent to the measurement date	488,110	
Total	<u>\$ 756,850</u>	<u>\$ 133,008</u>

\$488,110 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2026	\$ (273,289)
2027	437,853
2028	12,270
2029	(48,598)
2030	7,496
Total	<u>\$ 135,732</u>

There were no non-employer contributing entities to IPERS.

7. Pension Plan (Continued)

Actuarial Assumptions

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

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

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

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

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

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

Discount Rate

The discount rate used to measure the total net 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 net pension liability.

7. Pension Plan (Continued)

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	\$ 4,675,581	\$ 1,905,304	\$ (414,818)

IPERS' Fiduciary Net Position

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

Payables to IPERS

At June 30, 2025, the District 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, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	95
Total	100

Total OPEB Liability

The District's total OPEB liability of \$415,231 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2023.

8. Other Postemployment Benefits (OPEB) (Continued)

Actuarial Assumptions

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

Rate of inflation (effective June 30, 2025)	3.00% per annum.
Rates of salary increase (effective June 30, 2025)	3.25% per annum, based on general wage growth assumption of IPERS actuarial valuation.
Discount rate (effective June 30, 2025)	3.65% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2025)	6.25% 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 3.65% 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 2021 generational projection of future mortality improvement.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 415,507
Changes for the year:	
Service cost	26,840
Interest cost	15,371
Benefit payments	<u>(42,487)</u>
Net change	<u>(276)</u>
Total OPEB liability end of year	<u>\$ 415,231</u>

Changes of assumptions reflect no change in the discount rate of 3.65% in fiscal year 2024 to fiscal year 2025.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.65%) or 1% higher (4.65%) than the current discount rate.

	<u>1% Decrease (2.65%)</u>	<u>Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Total OPEB liability	<u>\$ 446,322</u>	<u>\$ 415,231</u>	<u>\$ 386,624</u>

NOTES TO FINANCIAL STATEMENTS

8. Other Postemployment Benefits (OPEB) (Continued)

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 (5.25%) or 1% higher (7.25%) than the current healthcare cost trend rates.

	1% Decrease (5.25%)	Healthcare Cost Trend Rate (6.25%)	1% Increase (7.25%)
Total OPEB liability	\$ 377,735	\$ 415,231	\$ 459,722

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$43,537. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ 34,400	\$ 71,336
Changes in assumptions	40,819	38,199
Total	\$ 75,219	\$ 109,535

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

Year Ending June 30,	Amount
2026	\$ 1,326
2027	1,326
2028	899
2029	(2,935)
2030	(2,935)
Thereafter	(31,997)
Total	\$ (34,316)

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. The trust offers 2 Blue POS, 1 Blue HMO, and 2 Wellmark PPO plans to the member schools. Deductibles and out of pocket maximums vary with each of the plans.

The District may be contingently liable for any claims in excess of funds available at June 30, 2025, 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, 2025 was unavailable as of December 31, 2025. The District's contributions to the trust for the years ended June 30, 2025, 2024, and 2023 were \$799,859, \$712,455, and \$643,817, respectively, which equaled the required contributions each year. The employees paid \$32,824 in dental insurance for the year ended June 30, 2025.

9. Employee Insurance Plan (Continued)

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, 2025, no liability has been recorded in the District's financial statements. As of June 30, 2025, settled claims have not exceeded the risk pool or reinsurance company coverage.

10. 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 89 participants in the plan for the plan year ended June 30, 2025.

11. 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.

12. 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 \$246,101 for the year ended June 30, 2025, and is recorded in the general fund by making a memorandum adjusting entry to the cash basis financial statements.

13. Contingencies

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

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.

14. Commitments

The total outstanding construction and purchase commitments of the District at June 30, 2025 amounted to \$171,989 and there were no commitments to be reimbursed.

15. 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.

NOTES TO FINANCIAL STATEMENTS

15. Categorical Funding (Continued)

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

Program	Amount
Gifted and Talented Program	\$ 103,777
Salary Improvement	12,642
Total	<u>\$ 116,419</u>

16. Net Position Deficit

The governmental unrestricted fund has a deficit net position as of June 30, 2025. 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* and GASB Statement No. 101, *Compensated Absences*.

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.

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Calmar	Urban renewal and economic development projects	<u>\$ 17,755</u>
City of Ossian	Urban renewal and economic development projects	<u>\$ 7,309</u>

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2025, this reimbursement amounted to \$11,216.

18. Change in Area Education Agency Funding

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

19. Accounting Change/Restatement

During fiscal year 2025, the District implemented Governmental Accounting Standards Board Statement No. 102, *Certain Risk Disclosures*. This statement requires disclosure of significant concentrations or constraints that could expose the District to substantial risk. If such risks are present and associated events have occurred, begun to occur, or are likely to occur within twelve months of the financial statement issuance date, the District must disclose the nature of the risk, related events, and any mitigating actions taken. Implementation of this statement did not have a significant impact on the District.

During the fiscal year 2025, the District implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. This standard establishes revised recognition and measurement criteria for liabilities related to compensated absences, including vacation, sick leave, and other forms of paid time off. Under this standard, compensated absences are recognized when the benefits are earned, rather than when they become payable. As a result, certain leave types previously excluded from liability calculations are now included, and the timing of recognition has been modified. The cumulative effect of implementing the standard has been recorded as an adjustment to beginning net position in the government-wide and proprietary fund financial statements for the fiscal year ended June 30, 2025. The impact of the restatement is as follows:

	Government-Wide		Proprietary Funds	
	Governmental Activities Net Position	Business-type Activities Net Position	School Nutrition Net Position	3-Year-Old Preschool Net Position
Balances June 30, 2024, as previously reported	\$ 5,992,335	\$ 259,973	\$ 231,063	\$ 28,910
Compensated absences, after implementation of GASBS No. 101	(635,171)	(34,068)	(30,508)	(3,560)
Balances July 1, 2024, as restated	\$ 5,357,164	\$ 225,905	\$ 200,555	\$ 25,350

20. New Governmental Accounting Standards Board (GASB) Standards

The Governmental Accounting Standards Board (GASB) has issued two statements not yet implemented by the District. The statements which might impact the District are as follows:

GASB Statement No. 103, *Financial Reporting Model Improvements*, issued April 2024, will be effective for the fiscal year ending June 30, 2026. The primary objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, issued September 2024, will be effective for the fiscal year ending June 30, 2026. The primary objective of this statement is to enhance transparency and usefulness of financial statements by requiring separate disclosures for certain capital assets, including intangible assets and assets held for sale.

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

21. Subsequent Events

Voters passed the \$13 million bond referendum to renovate and expand the existing high school. Management has evaluated subsequent events through December 31, 2025, 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, 2025

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
REVENUES						
Local sources	\$ 5,020,744	\$ 305,096	\$ 5,325,840	\$ 4,743,329	\$ 4,743,329	\$ 582,511
State sources	5,326,325	2,901	5,329,226	5,213,965	5,213,965	115,261
Federal sources	489,482	211,310	700,792	503,375	503,375	197,417
Total revenues	10,836,551	519,307	11,355,858	10,460,669	10,460,669	895,189
EXPENDITURES/EXPENSES						
Instruction	6,776,330		6,776,330	5,813,336	6,713,336	(62,994)
Support services	3,247,169		3,247,169	3,354,988	3,604,988	357,819
Non-instructional programs		624,567	624,567	549,724	549,724	(74,843)
Other expenditures	840,174		840,174	885,405	885,405	45,231
Total expenditures/expenses	10,863,673	624,567	11,488,240	10,603,453	11,753,453	265,213
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES/EXPENSES	(27,122)	(105,260)	(132,382)	(142,784)	(1,292,784)	1,160,402
OTHER FINANCING (USES) SOURCES, NET	(50,000)	50,000	-	(755)	(755)	755
Change in balances	(77,122)	(55,260)	(132,382)	(143,539)	(1,293,539)	1,161,157
FUND BALANCES, beginning of year, as restated	4,680,945	225,905	4,906,850	4,831,235	4,831,235	75,615
FUND BALANCES, end of year	\$ 4,603,823	\$ 170,645	\$ 4,774,468	\$ 4,687,696	\$ 3,537,696	\$ 1,236,772

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, 2025

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds 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 \$1,150,000.

During the year ended June 30, 2025, expenditures exceeded the amounts budgeted in the instruction and non-instructional programs functions.

See Independent Auditor's Report.

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 Ten Years*
(In Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.052322%	0.049871%	0.053451%	-0.021867%	0.053922%	0.053431%	0.052399%	0.052255%	0.053404%	0.057742%
District's proportionate share of the net pension liability	\$ 1,905	\$ 2,251	\$ 2,019	\$ 75	\$ 3,788	\$ 3,094	\$ 3,316	\$ 3,481	\$ 3,361	\$ 2,853
District's covered payroll	\$ 4,828	\$ 4,381	\$ 4,300	\$ 4,374	\$ 4,279	\$ 4,066	\$ 3,938	\$ 3,906	\$ 3,831	\$ 3,952
District's proportionate share of the net pension liability as a percentage of its covered payroll	39.46%	51.38%	46.95%	1.71%	88.53%	76.09%	84.21%	89.12%	87.73%	72.19%
IPERS' net position as a percentage of the total pension liability	92.30%	90.13%	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%

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

See 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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 488	\$ 456	\$ 415	\$ 406	\$ 413	\$ 404	\$ 384	\$ 352	\$ 349	\$ 342
Contributions in relation to the statutorily required contribution	(488)	(456)	(415)	(406)	(413)	(404)	(384)	(352)	(349)	(342)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 5,171	\$ 4,828	\$ 4,381	\$ 4,300	\$ 4,374	\$ 4,279	\$ 4,066	\$ 3,938	\$ 3,906	\$ 3,831
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	8.94%	8.93%	8.93%

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, 2025

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

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

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

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

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

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

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

See Independent Auditor's Report.

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 Eight Years

	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 26,840	\$ 25,995	\$ 39,954	\$ 38,696	\$ 33,648	\$ 32,589	\$ 24,486	\$ 23,715
Interest cost	15,371	15,152	11,875	11,890	16,097	15,481	14,395	14,211
Difference between expected and actual experiences		(87,014)		34,137		18,798		13,895
Changes in assumptions		(46,592)		48,311		1,759		32,549
Benefit payments	(42,487)	(29,567)	(58,496)	(46,595)	(36,523)	(26,503)	(28,170)	(38,925)
Net change in total OPEB liability	(276)	(122,026)	(6,667)	86,439	13,222	42,124	10,711	45,445
Total OPEB liability beginning of year	415,507	537,533	544,200	457,761	444,539	402,415	391,704	346,259
Total OPEB liability end of year	<u>\$ 415,231</u>	<u>\$ 415,507</u>	<u>\$ 537,533</u>	<u>\$ 544,200</u>	<u>\$ 457,761</u>	<u>\$ 444,539</u>	<u>\$ 402,415</u>	<u>\$ 391,704</u>
Covered-employee payroll	\$ 4,592,931	\$ 4,448,359	\$ 3,757,064	\$ 3,638,803	\$ 4,183,038	\$ 4,051,369	\$ 3,255,557	\$ 3,153,082
Total OPEB liability as a percentage of covered-employee payroll	9.04%	9.34%	14.31%	14.96%	10.94%	10.97%	12.36%	12.42%

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

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

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

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

Year Ended June 30, 2025	3.65%
Year Ended June 30, 2024	3.65%
Year Ended June 30, 2023	2.14%
Year Ended June 30, 2022	2.14%
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, 2025

	Special Revenue Fund Student Activity	Debt Service Fund	Total Nonmajor Funds
ASSETS			
Cash and pooled investments	\$ 61,846		\$ 61,846
Receivables:			
Accounts	23,899		23,899
Total assets	<u>\$ 85,745</u>	<u>\$ -</u>	<u>\$ 85,745</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,736	\$ -	\$ 4,736
Fund balances:			
Restricted for:			
Student activities	81,009		81,009
Total liabilities and fund balances	<u>\$ 85,745</u>	<u>\$ -</u>	<u>\$ 85,745</u>

See Independent Auditor's Report.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2025

	Special Revenue Fund Student Activity	Debt Service Fund	Total Nonmajor Funds
REVENUES			
Local sources:			
Other	\$ 215,239		\$ 215,239
Total revenues	215,239	\$ -	215,239
EXPENDITURES			
Current:			
Instruction:			
Other instruction	220,955		220,955
Long-term debt:			
Principal		14,887	14,887
Interest and fiscal charges		1,157	1,157
Total expenditures	220,955	16,044	236,999
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(5,716)	(16,044)	(21,760)
Transfers in	-	16,044	16,044
Change in fund balances	(5,716)	-	(5,716)
FUND BALANCES, beginning of year	86,725	-	86,725
FUND BALANCES, end of year	\$ 81,009	\$ -	\$ 81,009

See Independent Auditor's Report.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND
STUDENT ACTIVITY ACCOUNTS
For the Year Ended June 30, 2025

	Balance June 30, 2024	Revenues and Transfers	Expenditures and Transfers	Balance June 30, 2025
Instrumental	\$ 250		\$ 127	\$ 123
Vocal	4,863		3,404	1,459
Miscellaneous General Fund	30			30
Resale	154	\$ 144	133	165
Interest	414	120	534	-
Food and Fitness	1,118			1,118
First Technology Challenge	1,082			1,082
Field Trips, Elementary and Middle School	1,191	12,558	13,749	-
Elementary	2,208	3,464	3,463	2,209
Music, Elementary and Middle School	485			485
Middle School Activity	6,225	10,960	12,381	4,804
Student Council, Middle School	5,094	4,747	4,736	5,105
Drama/Musical	5,341	6,531	2,510	9,362
Speech Activity and Debate	102	246	348	-
Choir, Senior High	1,088	3,972	5,060	-
Band Trip, Senior High	3,772	4,625	1,809	6,588
Pictures, Senior High	43			43
Field Trips, Senior High	1,719			1,719
All Athletic	41	27,576	27,617	-
Cross Country	-	4,099	4,099	-
Cheerleaders, Senior High	-	320	320	-
Flag Corp	179			179
Boys' Basketball	67	8,995	9,062	-
Football	-	10,497	10,497	-
Baseball	1,080	13,915	14,995	-
Boys' Track	200	4,622	4,822	-
Boys' Golf	197	4,763	4,469	491
Wrestling	-	15,613	15,613	-
Girls' Basketball	216	5,147	5,363	-
Volleyball	-	8,235	8,235	-
Softball	-	7,590	7,590	-
Girls' Track	-	4,019	4,019	-
Girls' Golf	-	3,267	3,267	-
Girls' Wrestling	-	6,430	6,430	-
Esports	168	1,592	1,760	-
Class of 2025	1,861	3,272	4,533	600
Class of 2026	901		75	826
Class of 2027	166		63	103
Class of 2028	550		50	500
All Fine Arts	1,180		25	1,155
Spanish Club	112			112
Art, Senior High	147			147
Drama Club	1,302			1,302
Student Council, Senior High	1,139	1,301	1,618	822
Yearbook	2,694	5,009	6,913	790
Band, Senior High	1,227	1,866	3,093	-
National Honor Society	257	513	770	-
Certificate of Deposit	160			160
Business Club	2			2
SODA	115	3,448	3,467	96
Prom	4,054	2,765	1,321	5,498
FFA Test Plot	9,357	966	1,697	8,626
FFA	24,174	50,778	49,644	25,308
Totals	\$ 86,725	\$ 243,965	\$ 249,681	\$ 81,009

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUES										
Local sources:										
Local property tax	\$ 3,824,893	\$ 3,925,161	\$ 3,839,807	\$ 3,736,250	\$ 3,596,569	\$ 3,727,596	\$ 3,618,572	\$ 3,358,671	\$ 3,143,996	\$ 2,985,491
Tuition	650,105	511,155	474,685	385,864	275,214	295,781	347,513	324,241	254,028	239,354
Other	545,746	516,781	371,533	386,413	352,662	308,080	338,422	1,021,329	1,158,173	1,316,287
State sources	5,326,325	4,815,095	4,578,380	4,380,360	4,310,060	3,876,233	3,701,793	3,253,669	3,452,596	3,246,876
Federal sources	489,482	347,531	389,634	794,830	530,843	231,567	237,343	236,955	273,845	316,036
Total revenues	\$ 10,836,551	\$ 10,115,723	\$ 9,654,039	\$ 9,683,717	\$ 9,065,348	\$ 8,439,257	\$ 8,243,643	\$ 8,194,865	\$ 8,282,638	\$ 8,104,044
EXPENDITURES										
Current:										
Instruction:										
Regular	\$ 3,957,909	\$ 3,225,798	\$ 2,955,191	\$ 3,340,449	\$ 3,302,860	\$ 2,882,493	\$ 2,903,977	\$ 2,549,664	\$ 2,752,903	\$ 3,036,450
Special	1,874,891	1,853,089	1,587,968	1,520,635	1,536,012	1,514,195	1,444,344	1,085,958	1,204,407	1,218,839
Other	943,530	1,001,926	967,959	834,281	801,435	891,696	913,014	1,149,590	981,653	1,018,100
Support services:										
Student	408,386	391,879	373,796	342,428	330,824	303,891	274,679	276,377	268,229	254,789
Instructional staff	428,210	411,764	528,294	441,306	353,144	362,569	395,814	496,489	557,728	287,097
Administration	1,084,815	887,512	1,057,948	747,092	789,341	827,324	877,225	620,703	572,489	466,444
Operation and maintenance plant	759,126	673,061	591,004	545,327	564,790	528,157	623,743	763,297	671,026	661,678
Transportation	566,632	591,540	728,482	558,028	483,582	359,461	431,128	315,059	305,130	320,823
Other:										
Facilities acquisition	578,029	217,824	863,612	479,751	268,237	339,541	226,362	431,240	681,991	527,778
Long-term debt:										
Principal	14,887	14,455	14,218					19,619	18,505	17,453
Interest and fiscal charges	1,157	1,589	1,826					62	1,176	2,228
AEA flowthrough	246,101	274,671	277,291	274,229	283,595	259,000	256,708	257,849	252,124	257,471
Total expenditures	\$ 10,863,673	\$ 9,545,108	\$ 9,947,589	\$ 9,083,526	\$ 8,713,820	\$ 8,268,327	\$ 8,346,994	\$ 7,965,907	\$ 8,267,361	\$ 8,069,150

See Independent Auditor's Report.



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, 2025, 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 December 31, 2025.

Report on 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control described below that we consider to be a significant deficiency.

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 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 whenever possible.

Report on 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

Government Auditing Standards requires the auditor to perform limited procedures on the South Winneshiek Community School District's response to the finding identified in our audit is described above. The South Winneshiek Community School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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., CPAs



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, 2025, 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 December 31, 2025, contains our report on the District's internal control over financial reporting. This letter does not affect our report dated December 31, 2025, on the basic financial statements of the South Winneshiek Community School District. Comment numbers 1, 8, and 9 are unresolved comments from the prior year. 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, 2025 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, 2025, exceeded the amended certified budget in the instruction function. Expenditures for the year ended June 30, 2025, exceeded the original budget amount in the non-instructional function and no budget amendment was prepared.

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 one expenditure that may not meet the requirements of public purpose as defined in an Attorney General's Opinion dated April 25, 1979. An employee was reimbursed for purchasing glasses for an individual student.

Recommendation

Expenses should be prohibited that benefit a single student.

Response and Corrective Action Planned

We agree with the auditor and will take under advisement.

Conclusion

Response accepted.

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, 2025.

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

We noted one error in the District's certified enrollment. One resident student was missed on the District's certified enrollment.

Recommendation

The District should notify the Iowa Department of Education of the error to get the proper count.

Response and Corrective Action Planned

The District has contacted the Iowa Department of Education.

Conclusion

Response accepted.

9. Supplementary Weighting

There were six classes that should not have been funded in the fall.

Recommendation

The District should notify the Iowa Department of Education of the error to get the proper weighting.

Response and Corrective Action Planned

The District has contacted the Iowa Department of Education.

Conclusion

Response accepted.

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. For the year ended June 30, 2025, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	1,588,105
Revenues:			
Federal sales, services, and use tax	\$	100,519	
Statewide sales, services and use tax		704,862	
Other		41,024	846,405
Expenditures:			
Instruction		11,853	
Instructional staff		4,290	
Administration		9,346	
Operation and maintenance plant		27,590	
Transportation		59,834	
Facilities acquisition		576,321	689,234
Ending balance		\$	1,745,276

For the year ended June 30, 2025, the District reduced the following levies as a result of the moneys received under Chapters 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Physical plant and equipment levy (PPEL)	\$ 1.34	\$ 388,599

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., CPAs

Decorah, Iowa
December 31, 2025