

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2021

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

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WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

OFFICIALS

(Before January 2021)

Board of Education

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-------------------|----------------|---------------------|
| Klay Edwards | President | 2023 |
| Dan Schurr | Vice President | 2023 |
| Ashlei Venghaus | Board Member | 2021 |
| Aaron Cummings | Board Member | 2021 |
| Stacey Buffington | Board Member | 2023 |

School Officials

| | | |
|-----------------------|----------------------------------|------------|
| Jeff Maeder | Superintendent | Indefinite |
| Carmen Benson | Business Manager/Board Secretary | Indefinite |
| Ahlers & Cooney, P.C. | Attorney | Indefinite |

(After January 2021)

Board of Education

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-------------------|----------------|---------------------|
| Klay Edwards | President | 2023 |
| Dan Schurr | Vice President | 2023 |
| Ashlei Venghaus | Board Member | 2021 |
| Aaron Cummings | Board Member | 2021 |
| Stacey Buffington | Board Member | 2023 |

School Officials

| | | |
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| Jeff Maeder | Superintendent | Indefinite |
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| Ahlers & Cooney, P.C. | Attorney | Indefinite |



ANDERSON, LARKIN & CO., P.C.
Certified Public Accountants
"Your Success Is Our Business."

Kenneth E. Crosser, CPA
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Michael J. Podliska, CPA
Alexander T. Barr, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Winfield-Mt. Union Community School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions, and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 4 through 10 and 38 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the 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 Winfield-Mt. Union Community School District's basic financial statements. We previously audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on these statements. Other auditors audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on these financial statements. The supplementary information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 7, 2021 on our consideration of Winfield-Mt. Union Community School District's internal control over financial reporting and 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 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 Winfield-Mt. Union Community School District's internal control over financial reporting and compliance.

Ottumwa, Iowa
November 7, 2021

ANDERSON, LARKIN & CO., P.C.

Anderson, Larkin & Co., P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Winfield-Mt. Union Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,639,189 in fiscal 2020 to \$4,721,046 in fiscal 2021, while General Fund expenditures increased from \$4,430,211 in fiscal 2020 to \$4,681,479 in fiscal 2021. The District's General Fund balance increased from \$1,154,659 in fiscal 2020 to \$1,195,121 in fiscal 2021, a 3.5% increase.
- The increase in General Fund revenues was primarily attributable to the increase in local revenues received compared to the prior year. The increase in expenditures was primarily due to the increase in instruction costs incurred compared to the previous year.
- The District's total net position decreased from \$2,013,358 in 2020, to \$1,985,669 in 2021, a 1.38% decrease. Total revenues increased from \$5,698,309 in fiscal year 2020 to \$5,732,930 in fiscal year 2021, a .61% increase, while total expenses increased from \$5,025,644 in fiscal 2020, to \$5,760,619 in fiscal 2021, an 14.62% increase compared to the prior year.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds, capital project funds and a schedule of revenues and expenditures for all governmental funds.

Reporting the District's Financial Activities

Government-wide Financial Statements

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

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

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

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program and three-year-old preschool program are included here.

Fund Financial Statements

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

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

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund financial 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, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

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

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the Three-Year-Old Preschool Fund.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position at June 30, 2021 compared to June 30, 2020.

Figure A-1
Condensed Statement of Net Position

| | Governmental Activities | | Business Type Activities | | Total District | | Total Change |
|-----------------------------------|-------------------------|---------------------|--------------------------|-------------------|---------------------|---------------------|---------------|
| | June 30, | | June 30, | | June 30, | | 2020 -2021 |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | |
| Current and other assets | \$ 5,047,783 | \$ 6,742,697 | \$ 163,153 | \$ 112,147 | \$ 5,210,936 | \$ 6,854,844 | (23.98) % |
| Capital assets | <u>4,868,415</u> | <u>4,187,134</u> | <u>73,533</u> | <u>85,462</u> | <u>4,941,948</u> | <u>4,272,596</u> | 15.66 |
| Total assets | <u>9,916,198</u> | <u>10,929,831</u> | <u>236,686</u> | <u>197,609</u> | <u>10,152,884</u> | <u>11,127,440</u> | (8.76) |
| Deferred outflows of resources | <u>545,321</u> | <u>521,726</u> | <u>3,781</u> | <u>7,231</u> | <u>549,102</u> | <u>528,957</u> | 3.81 |
| Long-term liabilities | 6,399,903 | 6,363,384 | 56,397 | 53,199 | 6,456,300 | 6,416,583 | 0.62 |
| Other liabilities | <u>458,788</u> | <u>1,181,533</u> | <u>16,103</u> | <u>17,166</u> | <u>474,891</u> | <u>1,198,699</u> | (60.38) |
| Total liabilities | <u>6,858,691</u> | <u>7,544,917</u> | <u>72,500</u> | <u>70,365</u> | <u>6,931,191</u> | <u>7,615,282</u> | (8.98) |
| Deferred inflows of resources | <u>1,773,443</u> | <u>2,012,729</u> | <u>11,683</u> | <u>15,028</u> | <u>1,785,126</u> | <u>2,027,757</u> | (11.97) |
| Net position: | | | | | | | |
| Net investment in capital assets, | 1,378,415 | 342,134 | 73,533 | 85,462 | 1,451,948 | 427,596 | 239.56 |
| Restricted | 2,027,582 | 2,932,609 | - | - | 2,027,582 | 2,932,609 | (30.86) |
| Unrestricted | <u>(1,576,612)</u> | <u>(1,380,832)</u> | <u>82,751</u> | <u>33,985</u> | <u>(1,493,861)</u> | <u>(1,346,847)</u> | (10.92) |
| Total net position | \$ <u>1,829,385</u> | \$ <u>1,893,911</u> | \$ <u>156,284</u> | \$ <u>119,447</u> | \$ <u>1,985,669</u> | \$ <u>2,103,358</u> | (1.38) % |

The District's total net position decreased by 1.38%, or \$27,689, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$905,027, or 30.86% from the prior year. This decrease is primarily due to the decrease in the amount restricted for capital project purposes as compared to the prior year.

Unrestricted net position – is 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 \$147,014 or 10.92%.

Figure A-2 shows the changes in net position for the year ended June 30, 2021 compared to the year ended June 30, 2020.

Figure A-2
Changes in Net Position

| | Governmental Activities | | Business Type Activities | | Total District | | Total Change |
|---|-------------------------|---------------------|--------------------------|-------------------|---------------------|---------------------|--------------|
| | June 30, | | June 30, | | June 30, | | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2020-2021 |
| Revenues | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for services | \$ 830,940 | \$ 857,019 | \$ 20,944 | \$ 58,115 | \$ 851,884 | \$ 915,134 | (6.91) % |
| Operating grants, contributions and restricted interest | 306,746 | 399,272 | 290,286 | 260,701 | 597,032 | 659,973 | (9.54) |
| General revenues: | | | | | | | |
| Property tax | 1,675,486 | 1,482,349 | - | - | 1,675,486 | 1,482,349 | 13.03 |
| Income surtax | 105,826 | 203,140 | - | - | 105,826 | 203,140 | (47.90) |
| Statewide sales, services and use tax | 308,012 | 333,501 | - | - | 308,012 | 333,501 | (7.64) |
| Unrestricted state grants | 1,982,227 | 1,913,940 | - | - | 1,982,227 | 1,913,940 | 3.57 |
| Unrestricted investment earnings | 12,514 | 39,116 | 142 | 367 | 12,656 | 39,483 | (67.94) |
| Other | 199,043 | 142,580 | 764 | 8,209 | 199,807 | 150,789 | 32.51 |
| Total revenues | <u>5,420,794</u> | <u>5,370,917</u> | <u>312,136</u> | <u>327,392</u> | <u>5,732,930</u> | <u>5,698,309</u> | 0.61 |
| Program expenses: | | | | | | | |
| Instruction | 3,228,857 | 2,808,405 | - | - | 3,228,857 | 2,808,405 | 14.97 |
| Support services | 1,709,860 | 1,507,758 | - | - | 1,709,860 | 1,507,758 | 13.40 |
| Non-instructional programs | - | - | 275,299 | 301,317 | 275,299 | 301,317 | (8.63) |
| Other expenses | 546,603 | 408,164 | - | - | 546,603 | 408,164 | 33.92 |
| Total expenses | <u>5,485,320</u> | <u>4,724,327</u> | <u>275,299</u> | <u>301,317</u> | <u>5,760,619</u> | <u>5,025,644</u> | 14.62 |
| Change in net position | (64,526) | 646,590 | 36,837 | 26,075 | (27,689) | 672,665 | (104.12) |
| Net position beginning of year | <u>1,893,911</u> | <u>1,247,321</u> | <u>119,447</u> | <u>93,372</u> | <u>2,013,358</u> | <u>1,340,693</u> | 50.17 |
| Net position end of year | \$ <u>1,829,385</u> | \$ <u>1,893,911</u> | \$ <u>156,284</u> | \$ <u>119,447</u> | \$ <u>1,985,669</u> | \$ <u>2,013,358</u> | (1.38) % |

In the fiscal year 2021 property tax and unrestricted state grants accounted for 67.48% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.71% of the revenue of the business type activities. The District's total revenues were approximately \$5.7 million, of which approximately \$5.4 million was for governmental activities and approximately \$.3 million was for business type activities.

As shown in Figure A-2, the District as a whole experienced a .61% increase in revenues and a 14.62% increase in expenses. The increase in revenues is primarily due to an increase in property tax while the increase in expenses is primarily due to an increase in instruction expenses incurred compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$5,420,794 and expenses were \$5,485,320 for the year ended June 30, 2021.

The following table (Figure A-3) presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2021 compared to the year ended June 30, 2020.

Figure A-3

| | Total Cost of Services | | | Net Cost of Services | | |
|------------------|------------------------|---------------------|------------------------------|----------------------|---------------------|------------------------------|
| | June 30, 2021 | June 30, 2020 | Total Change 2020-2021 | June 30, 2021 | June 30, 2020 | Total Change 2020-2021 |
| Instruction | \$ 3,228,857 | \$ 2,808,405 | 14.97% | \$ 2,237,834 | \$ 1,699,730 | 31.66% |
| Support services | 1,709,860 | 1,507,758 | 13.40 | 1,709,860 | 1,507,758 | 13.40 |
| Other expenses | <u>546,603</u> | <u>408,164</u> | 33.92 | <u>399,940</u> | <u>260,548</u> | 53.50 |
| Total expenses | \$ <u>5,485,320</u> | \$ <u>4,724,327</u> | 16.11% | \$ <u>4,347,634</u> | \$ <u>3,468,036</u> | 25.36% |

For the year ended June 30, 2021:

- The cost financed by users of the District's programs was \$830,940.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$306,746.
- The net cost of governmental activities was financed with \$1,781,312 in property taxes, \$308,012 in statewide sales, services and use tax, \$1,982,227 in unrestricted state grants, \$12,514 in interest income and \$199,043 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$312,136 and expenses were \$275,299 for the year ended June 30, 2021. The District's business type activities include the School Nutrition Fund and Three-Year-Old Preschool. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balance of \$2,836,293, a decrease over last year's ending combined fund balances of \$3,799,483. The primary reason for the decrease in combined fund balances was an increase in capital outlay expenditures in the Capital Project Fund.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The District's General Fund balance increased from \$1,154,659 at June 30, 2020 to \$1,195,121 at June 30, 2021. An increase in local revenues compared to the prior year was the primary reason for the increase in ending fund balance.
- The Capital Projects Fund balance decreased from \$2,440,769 at June 30, 2020 to \$1,456,314 at June 30, 2021. The decrease resulted from increased capital outlay expenditures.
- The Management Fund balance decreased from \$105,737 at June 30, 2020 to \$84,784 at June 30, 2021. The decrease resulted from increased expenditures.

Proprietary Fund Highlights

School Nutrition Fund net position increased from \$118,322 at June 30, 2020, to \$156,284 at June 30, 2021, representing an increase of 32.08%. Although revenues decreased from the prior year, expenses increased by a greater amount.

BUDGETARY HIGHLIGHTS

The District's revenues were \$44,869 less than budgeted revenues, a variance of (.78)%. The most significant variances resulted from the District receiving less in local and state sources than originally anticipated.

Total expenditures were less than budgeted. It is the District's practice to budget expenditures using realistic projections based from prior year expenditures with a buffer built as to not exceed the annual budget. The district then manages or controls general fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had invested \$4,941,948 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-4) This amount represents a net increase of 15.67% from last year. More detailed information about the District's capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$380,915.

The original cost of the District's capital assets was \$10,555,757. Governmental activities account for \$10,293,280 with the remainder of \$262,477 accounted for in the Proprietary, School Nutrition Fund.

One of the largest changes in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$309,540 at June 30, 2021, compared to \$1,890,677 reported at June 30, 2020. This decrease is the result of ongoing capital projects during fiscal year 2020 being completed in fiscal year 2021.

Figure A-4
Capital Assets, Net of Depreciation/Amortization

| | Governmental Activities | | Business Type Activities | | Total District | | Total Change |
|-------------------------|-------------------------|---------------------|--------------------------|------------------|---------------------|---------------------|--------------|
| | June 30, | | June 30, | | June 30, | | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2020-2021 |
| Land | \$ 70,933 | \$ 70,933 | \$ - | \$ - | \$ 70,933 | \$ 70,933 | - % |
| Construction | | | | | | | |
| In progress | 309,540 | 1,890,677 | - | - | 309,540 | 1,890,677 | (83.63) |
| Buildings | 3,583,980 | 1,292,236 | - | - | 3,583,980 | 1,292,236 | 177.35 |
| Land improvements | 788,449 | 873,637 | - | - | 788,449 | 873,637 | (9.75) |
| Machinery and Equipment | <u>115,513</u> | <u>59,651</u> | <u>73,533</u> | <u>85,462</u> | <u>189,046</u> | <u>145,113</u> | 30.28 |
| Totals | \$ <u>4,868,415</u> | \$ <u>4,187,134</u> | \$ <u>73,533</u> | \$ <u>85,462</u> | \$ <u>4,941,948</u> | \$ <u>4,272,596</u> | 15.67 % |

Long-Term Debt

At June 30, 2021, the District had long-term debt outstanding of \$3,490,000 in bonds and capital loan notes. This represents a decrease of 9.23% from last year. (See Figure A-5) Additional information about the District's long-term liability is available in Note 5 to the financial statements.

The District had revenue bonded indebtedness of \$2,125,000 at June 30, 2021 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund and capital loan note indebtedness of \$1,365,000 payable from the Capital Projects: Physical Plant and Equipment Levy Fund.

Figure A-5
Outstanding Long-term Obligations

| | <u>Total District June 30,</u> | | <u>Total Change</u> |
|--------------------|--|---------------------|-------------------------|
| | <u>2021</u> | <u>2020</u> | <u>2020-2021</u> |
| Revenue bonds | \$ 2,125,000 | \$ 2,340,000 | (9.18) % |
| Capital loan notes | <u>1,365,000</u> | <u>1,505,000</u> | (9.30) |
| Totals | \$ <u>3,490,000</u> | \$ <u>3,845,000</u> | (9.23) % |

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Student enrollment is expected to remain steady or slightly decrease. With little growth in state aid expected in the next year, this may result in negative new money coming into the district for the third year in a row.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carmen Benson, District Secretary/Business Manager, Winfield-Mt. Union Community School District, 208 S. Olive, Winfield, Iowa, 52659.

BASIC FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2021

| | Governmental Activities | Business Type Activities | Total |
|--|----------------------------|-----------------------------|---------------------|
| <u>ASSETS:</u> | | | |
| Cash, cash equivalents and pooled investments | \$ 2,923,727 | \$ - | \$ 2,923,727 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | 27,916 | - | 27,916 |
| Succeeding year | 1,637,269 | - | 1,637,269 |
| Income surtax | 117,537 | - | 117,537 |
| Accounts | 315,583 | - | 315,583 |
| Due from other governments | 25,751 | - | 25,751 |
| Inventories | - | - | - |
| Capital assets not being depreciated: | | | |
| Land and construction in progress | 380,473 | - | 380,473 |
| Capital assets, net of accumulated depreciation: | | | |
| Buildings, land improvements, machinery and equipment | 4,487,942 | - | 4,487,942 |
| TOTAL ASSETS | <u>9,916,198</u> | <u>-</u> | <u>9,916,198</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES:</u> | | | |
| Pension related deferred outflows | <u>545,321</u> | <u>-</u> | <u>545,321</u> |
| <u>LIABILITIES:</u> | | | |
| Accounts payable | 60,005 | - | 60,005 |
| Salaries and benefits payable | 388,763 | - | 388,763 |
| Accrued interest payable | 2,104 | - | 2,104 |
| Unearned revenue | 7,916 | - | 7,916 |
| Long-term liabilities: | | | |
| Portion due within one year: | | | |
| Capital loan notes | 140,000 | - | 140,000 |
| Portion due after one year: | | | |
| Revenue bonds | 2,125,000 | - | 2,125,000 |
| Capital loan notes | 1,225,000 | - | 1,225,000 |
| Net pension liability | 2,565,110 | - | 2,565,110 |
| Total OPEB liability | 397,940 | - | 397,940 |
| TOTAL LIABILITIES | <u>6,911,838</u> | <u>-</u> | <u>6,911,838</u> |
| <u>DEFERRED INFLOWS OF RESOURCES:</u> | | | |
| Pension related deferred inflows | 136,174 | - | 136,174 |
| Unavailable property tax revenue | 1,637,269 | - | 1,637,269 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>1,773,443</u> | <u>-</u> | <u>1,773,443</u> |
| <u>NET POSITION:</u> | | | |
| Net investment in capital assets | 1,378,415 | - | 1,378,415 |
| Restricted for: | | | |
| Categorical funding | 386,410 | - | 386,410 |
| Management levy purposes | 84,784 | - | 84,784 |
| Student activities | 100,074 | - | 100,074 |
| School infrastructure | 616,560 | - | 616,560 |
| Physical plant and equipment | 839,754 | - | 839,754 |
| Unrestricted | (1,576,612) | - | (1,576,612) |
| TOTAL NET POSITION | <u>\$ 1,829,385</u> | <u>\$ -</u> | <u>\$ 1,829,385</u> |

See Notes to Financial Statements

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

| | | <u>Program Revenues</u> | |
|---------------------------------------|---------------------|-----------------------------|--|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants, Contributions and Restricted Interest</u> |
| <u>FUNCTIONS/PROGRAMS:</u> | | | |
| Governmental activities: | | | |
| Instruction: | | | |
| Regular | \$ 2,233,251 | \$ 598,345 | \$ 112,067 |
| Special | 393,391 | 232,595 | 15,605 |
| Other | 602,215 | - | 32,411 |
| | <u>3,228,857</u> | <u>830,940</u> | <u>160,083</u> |
| Support services: | | | |
| Student | 86,116 | - | - |
| Instructional staff | 264,600 | - | - |
| Administration | 733,285 | - | - |
| Operation and maintenance of plant | 462,442 | - | - |
| Transportation | 163,417 | - | - |
| | <u>1,709,860</u> | <u>-</u> | <u>-</u> |
| Other expenditures: | | | |
| AEA flowthrough | 146,663 | - | 146,663 |
| Long-term debt interest | 74,427 | - | - |
| Depreciation (unallocated)* | 325,513 | - | - |
| | <u>546,603</u> | <u>-</u> | <u>146,663</u> |
| Total governmental activities | <u>5,485,320</u> | <u>830,940</u> | <u>306,746</u> |
| Business type activities: | | | |
| Non-instructional programs: | | | |
| Three year old preschool | 7,454 | 6,329 | - |
| Food service operations | 267,845 | 14,615 | 290,286 |
| Total business type activities | <u>275,299</u> | <u>20,944</u> | <u>290,286</u> |
| Total | <u>\$ 5,760,619</u> | <u>\$ 851,884</u> | <u>\$ 597,032</u> |
| <u>GENERAL REVENUES:</u> | | | |
| Property tax levied for: | | | |
| General purposes | | | |
| Management levy | | | |
| Capital outlay | | | |
| Statewide sales, services and use tax | | | |
| Unrestricted state grants | | | |
| Unrestricted investment earnings | | | |
| Other | | | |
| Total general revenues | | | |
| Changes in net position | | | |
| Net position - Beginning of year | | | |
| Net position - End of year | | | |

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

Net (Expense) Revenue
and Changes in Net Position

| Governmental Activities | Business Type Activities | Total |
|----------------------------|-----------------------------|---------------------|
| \$ (1,522,839) | \$ - | \$ (1,522,839) |
| (145,191) | - | (145,191) |
| <u>(569,804)</u> | <u>-</u> | <u>(569,804)</u> |
| <u>(2,237,834)</u> | <u>-</u> | <u>(2,237,834)</u> |
| (86,116) | - | (86,116) |
| (264,600) | - | (264,600) |
| (733,285) | - | (733,285) |
| (462,442) | - | (462,442) |
| <u>(163,417)</u> | <u>-</u> | <u>(163,417)</u> |
| <u>(1,709,860)</u> | <u>-</u> | <u>(1,709,860)</u> |
| - | - | - |
| (74,427) | - | (74,427) |
| <u>(325,513)</u> | <u>-</u> | <u>(325,513)</u> |
| <u>(399,940)</u> | <u>-</u> | <u>(399,940)</u> |
| <u>(4,347,634)</u> | <u>-</u> | <u>(4,347,634)</u> |
| - | (1,125) | (1,125) |
| <u>-</u> | <u>37,056</u> | <u>37,056</u> |
| <u>-</u> | <u>35,931</u> | <u>35,931</u> |
| <u>(4,347,634)</u> | <u>35,931</u> | <u>(4,311,703)</u> |
| 1,511,814 | - | 1,511,814 |
| 48,783 | - | 48,783 |
| 220,715 | - | 220,715 |
| 308,012 | - | 308,012 |
| 1,982,227 | - | 1,982,227 |
| 12,514 | 142 | 12,656 |
| <u>199,043</u> | <u>764</u> | <u>199,807</u> |
| <u>4,283,108</u> | <u>906</u> | <u>4,284,014</u> |
| (64,526) | 36,837 | (27,689) |
| <u>1,893,911</u> | <u>119,447</u> | <u>2,013,358</u> |
| \$ <u>1,829,385</u> | \$ <u>156,284</u> | \$ <u>1,985,669</u> |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

| <u>ASSETS</u> | <u>General</u> | <u>Capital Projects</u> | <u>Management</u> | <u>Nonmajor</u> | <u>Total</u> |
|---|-------------------|-----------------------------|-------------------|-------------------|-------------------|
| Cash, cash equivalents and pooled investments | \$ 1,312,719 | \$ 1,426,960 | \$ 83,974 | \$ 100,074 | \$ 2,923,727 |
| Receivables: | | | | | |
| Property tax: | | | | | |
| Delinquent | 23,503 | 3,603 | 810 | - | 27,916 |
| Succeeding year | 1,180,282 | 221,987 | 235,000 | - | 1,637,269 |
| Income surtax | 117,537 | - | - | - | 117,537 |
| Accounts | 315,583 | - | - | - | 315,583 |
| Due from other governments | - | 25,751 | - | - | 25,751 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL ASSETS | \$ 2,949,624 | \$ 1,678,301 | \$ 319,784 | \$ 100,074 | \$ 5,047,783 |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | | | |
| <u>LIABILITIES:</u> | | | | | |
| Accounts payable | \$ 60,005 | \$ - | \$ - | \$ - | \$ 60,005 |
| Salaries and benefits payable | 388,763 | - | - | - | 388,763 |
| Unearned revenue | 7,916 | - | - | - | 7,916 |
| Total liabilities | <u>456,684</u> | <u> </u> | <u> </u> | <u> </u> | <u>456,684</u> |
| <u>DEFERRED INFLOWS OF RESOURCES:</u> | | | | | |
| Unavailable revenues: | | | | | |
| Succeeding year property tax | 1,180,282 | 221,987 | 235,000 | - | 1,637,269 |
| Income surtax | 117,537 | - | - | - | 117,537 |
| Total deferred inflows of resources | <u>1,297,819</u> | <u>221,987</u> | <u>235,000</u> | <u> </u> | <u>1,754,806</u> |
| <u>FUND BALANCES:</u> | | | | | |
| Restricted for: | | | | | |
| Categorical funding | 386,410 | - | - | - | 386,410 |
| Management levy purposes | - | - | 84,784 | - | 84,784 |
| Student activities | - | - | - | 100,074 | 100,074 |
| School infrastructure | - | 616,560 | - | - | 616,560 |
| Physical plant and equipment | - | 839,754 | - | - | 839,754 |
| Unassigned | 808,711 | - | - | - | 808,711 |
| Total fund balances | <u>1,195,121</u> | <u>1,456,314</u> | <u>84,784</u> | <u>100,074</u> | <u>2,836,293</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 2,949,624 | \$ 1,678,301 | \$ 319,784 | \$ 100,074 | \$ 5,047,783 |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

| | |
|---|---------------------|
| <u>TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS</u> | \$ 2,836,293 |
| 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. | 4,868,415 |
| Accounts receivable income surtax, is not available to finance expenditures of the current year, therefore, is recognized as deferred inflows of resources in the governmental funds. | 117,537 |
| Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. | (2,104) |
| Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows: | |
| Deferred outflows of resources | \$ 545,321 |
| Deferred inflows of resources | <u>(136,174)</u> |
| | 409,147 |
| Long-term liabilities, including capital loan notes, revenue bonds payable, total OPEB liability and net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. | <u>(6,453,050)</u> |
| <u>NET POSITION OF GOVERNMENTAL ACTIVITIES</u> | <u>\$ 1,776,238</u> |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

| | <u>General</u> | <u>Capital Projects</u> | <u>Management</u> | <u>Nonmajor</u> | <u>Total</u> |
|--|---------------------|-----------------------------|-------------------|-------------------|---------------------|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax | \$ 1,511,489 | \$ 219,348 | \$ - | \$ - | \$ 1,730,837 |
| Tuition | 798,565 | - | - | - | 798,565 |
| Other | 121,728 | 8,914 | 50,275 | 97,880 | 278,797 |
| State sources | 1,971,935 | 309,379 | 438 | - | 2,281,752 |
| Federal sources | 317,329 | - | - | - | 317,329 |
| Total revenues | <u>4,721,046</u> | <u>537,641</u> | <u>50,713</u> | <u>97,880</u> | <u>5,407,280</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 2,034,038 | - | 22,857 | 95,357 | 2,152,252 |
| Special | 381,693 | - | - | - | 381,693 |
| Other | 583,112 | - | - | 767 | 583,879 |
| | <u>2,998,843</u> | <u>-</u> | <u>22,857</u> | <u>96,124</u> | <u>3,117,824</u> |
| Support services: | | | | | |
| Student | 83,753 | - | - | - | 83,753 |
| Instructional staff | 253,251 | - | - | - | 253,251 |
| Administration | 700,864 | - | 9,010 | - | 709,874 |
| Operation and maintenance of plant | 398,368 | 10,329 | 32,841 | - | 441,538 |
| Transportation | 99,737 | 61,583 | 6,958 | - | 168,278 |
| | <u>1,535,973</u> | <u>71,912</u> | <u>48,809</u> | <u>-</u> | <u>1,656,694</u> |
| Capital outlay | <u>-</u> | <u>1,020,541</u> | <u>-</u> | <u>-</u> | <u>1,020,541</u> |
| Long-term debt: | | | | | |
| Principal | - | - | - | 355,000 | 355,000 |
| Interest and fiscal charges | - | - | - | 74,643 | 74,643 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>429,643</u> | <u>429,643</u> |
| Other expenditures: | | | | | |
| AEA flowthrough | 146,663 | - | - | - | 146,663 |
| Total expenditures | <u>4,681,479</u> | <u>1,092,453</u> | <u>71,666</u> | <u>525,767</u> | <u>6,371,365</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>39,567</u> | <u>(554,812)</u> | <u>(20,953)</u> | <u>(427,887)</u> | <u>(964,085)</u> |
| Other financing sources (uses): | | | | | |
| Proceeds from sale | 895 | - | - | - | 895 |
| Transfer in | - | - | - | 429,643 | 429,643 |
| Transfer out | - | (429,643) | - | - | (429,643) |
| Total other financing sources (uses) | <u>895</u> | <u>(429,643)</u> | <u>-</u> | <u>429,643</u> | <u>895</u> |
| Change in fund balances | 40,462 | (984,455) | (20,953) | 1,756 | (963,190) |
| FUND BALANCES - Beginning of year | <u>1,154,659</u> | <u>2,440,769</u> | <u>105,737</u> | <u>98,318</u> | <u>3,799,483</u> |
| FUND BALANCES - End of year | <u>\$ 1,195,121</u> | <u>\$ 1,456,314</u> | <u>\$ 84,784</u> | <u>\$ 100,074</u> | <u>\$ 2,836,293</u> |

See Notes to Financial Statements

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (963,190)

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, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense are reported in the current year as follows:

| | | |
|----------------------|------------------|---------|
| Capital outlays | \$ 1,050,266 | |
| Depreciation expense | <u>(368,985)</u> | 681,281 |

Income surtax accounts receivable is not available to finance expenditures of the current year and is recognized as a deferred inflow of resources in the governmental funds. 12,618

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments are as follows:

| | | |
|--------|--|---------|
| Repaid | | 355,000 |
|--------|--|---------|

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 216

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. 253,980

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 governmental funds, as follows:

| | | |
|----------------------|-----------------|------------------|
| Pension expense | (358,099) | |
| Total OPEB liability | <u>(46,332)</u> | <u>(404,431)</u> |

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (64,526)

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

| | <u>Enterprise</u> <u>School</u> <u>Nutrition</u> | <u>Total</u> |
|---|--|-------------------|
| <u>ASSETS:</u> | | |
| Cash, cash equivalents and pooled investments | \$ 147,658 | \$ 147,658 |
| Account receivable | 13,642 | 13,642 |
| Inventories | 1,853 | 1,853 |
| Capital assets, net of accumulated depreciation | <u>73,533</u> | <u>73,533</u> |
| TOTAL ASSETS | <u>236,686</u> | <u>236,686</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES:</u> | | |
| Pension related deferred outflows | <u>3,781</u> | <u>3,781</u> |
| <u>LIABILITIES:</u> | | |
| Current liabilities: | | |
| Salaries and benefits payable | 4,732 | 4,732 |
| Accounts payable | 5,635 | 5,635 |
| Unearned revenue | <u>5,736</u> | <u>5,736</u> |
| Total current liabilities | <u>16,103</u> | <u>16,103</u> |
| Noncurrent liabilities: | | |
| Net pension liability | 53,147 | 53,147 |
| Total OPEB liability | <u>3,250</u> | <u>3,250</u> |
| Total noncurrent liabilities | <u>56,397</u> | <u>56,397</u> |
| TOTAL LIABILITIES | <u>72,500</u> | <u>72,500</u> |
| <u>DEFERRED INFLOWS OF RESOURCES:</u> | | |
| Pension related deferred inflows | <u>11,683</u> | <u>11,683</u> |
| <u>NET POSITION:</u> | | |
| Net investment in capital assets | 73,533 | 73,533 |
| Unrestricted | <u>82,751</u> | <u>82,751</u> |
| TOTAL NET POSITION \$ | <u>156,284</u> | <u>\$ 156,284</u> |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

| | Enterprise School <u>Nutrition</u> | Enterprise Non-Major 3 Year Old <u>Preschool</u> | <u>Total</u> |
|---|--|---|-------------------|
| <u>OPERATING REVENUES:</u> | | | |
| Local sources: | | | |
| Charges for services | \$ 14,615 | \$ 6,329 | \$ 20,944 |
| Miscellaneous | <u>764</u> | <u>-</u> | <u>764</u> |
| Total operating revenues | <u>15,379</u> | <u>6,329</u> | <u>21,708</u> |
| <u>OPERATING EXPENSES:</u> | | | |
| Instruction | 9,484 | - | 9,484 |
| Non-Instructional Programs: | | | |
| Operations: | | | |
| Salaries | 78,636 | 6,355 | 84,991 |
| Benefits | 18,580 | 1,099 | 19,679 |
| Services | 5,444 | - | 5,444 |
| Supplies | 143,650 | - | 143,650 |
| Other | 121 | - | 121 |
| Depreciation | <u>11,930</u> | <u>-</u> | <u>11,930</u> |
| Total operating expenses | <u>267,845</u> | <u>7,454</u> | <u>275,299</u> |
| OPERATING LOSS | <u>(252,466)</u> | <u>(1,125)</u> | <u>(253,591)</u> |
| <u>NON-OPERATING REVENUES:</u> | | | |
| Interest income | 142 | - | 142 |
| State sources | 2,371 | - | 2,371 |
| Federal sources | <u>287,915</u> | <u>-</u> | <u>287,915</u> |
| TOTAL NON-OPERATING REVENUES | <u>290,428</u> | <u>-</u> | <u>290,428</u> |
| Change in net position | 37,962 | (1,125) | 36,837 |
| <u>NET POSITION</u> - Beginning of year | <u>118,322</u> | <u>1,125</u> | <u>119,447</u> |
| <u>NET POSITION</u> - End of year | \$ <u>156,284</u> | \$ <u>-</u> | \$ <u>156,284</u> |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

| | Enterprise School Nutrition | Enterprise Non-Major 3 Year Old Preschool | Total |
|---|-----------------------------------|--|---------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | | |
| Cash received from sale of lunches and breakfasts | \$ 1,011 | \$ - | \$ 1,011 |
| Cash received for miscellaneous sources | 764 | 6,329 | 7,093 |
| Cash payments to employees for services | (101,882) | (7,454) | (109,336) |
| Cash payments to suppliers for goods or services | (147,283) | - | (147,283) |
| NET CASH USED IN OPERATING ACTIVITIES | <u>(247,390)</u> | <u>(1,125)</u> | <u>(248,515)</u> |
| <u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u> | | | |
| State grants received | 2,371 | - | 2,371 |
| Federal grants received | 311,575 | - | 311,575 |
| NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES | <u>313,946</u> | <u>-</u> | <u>313,946</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | | |
| Interest on investments | 142 | - | 142 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | <u>142</u> | <u>-</u> | <u>142</u> |
| NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS | 66,698 | (1,125) | 65,573 |
| <u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u> - Beginning of year | <u>80,960</u> | <u>1,125</u> | <u>82,085</u> |
| <u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u> - End of year | <u>\$ 147,658</u> | <u>\$ -</u> | <u>\$ 147,658</u> |
| <u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</u> | | | |
| Operating loss | \$ (252,466) | \$ (1,125) | \$ (253,591) |
| Adjustments to reconcile operating income loss to net cash used in operating activities: | | | |
| Commodities consumed | 12,373 | - | 12,373 |
| Depreciation | 11,930 | - | 11,930 |
| Increase in inventories | (454) | - | (454) |
| Increase in accounts receivable | (14,113) | - | (14,113) |
| Increase in deferred outflows of resources | (3,450) | - | (3,450) |
| Decrease in salaries and benefits payable | (94) | - | (94) |
| Increase in net pension liability | 2,819 | - | 2,819 |
| Decrease in accounts payable | (1,478) | - | (1,478) |
| Decrease in deferred inflows of resources | (3,345) | - | (3,345) |
| Increase in unearned revenue | 509 | - | 509 |
| Increase in total OPEB liability | 379 | - | 379 |
| Net cash used in operating activities | <u>\$ (247,390)</u> | <u>\$ (1,125)</u> | <u>\$ (248,515)</u> |

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2021, the District received Federal commodities valued at \$12,373.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Winfield-Mt. Union Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career, technical and recreational courses. The geographic area served includes the Cities of Winfield and Mt. Union, Iowa, and the predominant agricultural territory in Des Moines, Henry, Louisa and Washington Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted 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.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (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 and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

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

The Management Fund is used to account for property tax and other revenues to be used for the payment of the District's liability and worker's compensation insurance as well as early retirement liabilities.

The District also reports the following major proprietary fund:

The District's major proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

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

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

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets 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 balances and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

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

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.

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

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

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

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, they have a maturity date no longer than three months.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on the January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2020.

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

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

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

| <u>Asset Class</u> | <u>Amount</u> |
|---------------------------------|---------------|
| Land | \$ 1,000 |
| Buildings | 1,000 |
| Land improvements | 1,000 |
| Machinery and equipment: | |
| School nutrition fund equipment | 500 |
| Other machinery and equipment | 1,000 |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

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

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|-------------------------|-------------------------------|
| Buildings | 50 years |
| Land improvements | 20 years |
| Machinery and equipment | 5-20 years |

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension 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 payroll taxes and benefits for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

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

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

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

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Total OPEB Liability – For purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on the Winfield-Mt. Union Community School District's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund while the portion attributable to the business type activities will be paid primarily by the Enterprise, School Nutrition Fund.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

NOTE 2: CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure 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.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS (Continued)

At June 30, 2021, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at amortized cost of \$26,498. There were no restrictions or limitations on withdrawals of the ISJIT investments. The investments in the Iowa Schools Joint Investment Trust were rated AAAM by Standard & Poor's Financial Service.

NOTE 3: INTERFUND TRANSFERS

The detail of Interfund transfers at June 30, 2021 is as follows:

| <u>Transfer to</u> | <u>Transfer from</u> | <u>Amount</u> |
|--------------------|---|-------------------|
| Debt service | Capital Projects: Physical plant and equipment levy | \$ <u>429,643</u> |

The transfer from capital projects: Physical, plant and equipment levy fund to the debt service fund was needed for capital loan note indebtedness repayment.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 was as follows:

| | <u>Balance Beginning of Year</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance End of Year</u> |
|--|--|------------------|------------------|------------------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 70,933 | \$ - | \$ - | \$ 70,933 |
| Construction in progress | <u>1,890,677</u> | <u>881,084</u> | <u>2,462,221</u> | <u>309,540</u> |
| Total capital assets not being depreciated | <u>1,961,610</u> | <u>881,084</u> | <u>2,462,221</u> | <u>380,473</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 3,833,687 | 2,532,069 | - | 6,365,756 |
| Land improvements | 1,703,767 | - | - | 1,703,767 |
| Machinery and equipment | <u>1,834,718</u> | <u>99,334</u> | <u>90,768</u> | <u>1,843,284</u> |
| Total capital assets being depreciated | <u>7,372,172</u> | <u>2,631,403</u> | <u>90,768</u> | <u>9,912,807</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 2,541,450 | 240,325 | - | 2,781,775 |
| Land improvements | 830,130 | 85,188 | - | 915,318 |
| Machinery and equipment | <u>1,775,068</u> | <u>43,472</u> | <u>90,768</u> | <u>1,727,772</u> |
| Total accumulated depreciation | <u>5,146,648</u> | <u>368,985</u> | <u>90,768</u> | <u>5,424,865</u> |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4: CAPITAL ASSETS (Continued)

| | <u>Balance Beginning of Year</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance End of Year</u> |
|--|--|---------------------|---------------------|------------------------------------|
| Total capital assets being depreciated, net | <u>2,225,524</u> | <u>2,262,418</u> | <u>-</u> | <u>4,487,942</u> |
| Governmental activities capital assets, net | \$ <u>4,187,134</u> | \$ <u>3,143,502</u> | \$ <u>2,462,221</u> | \$ <u>4,868,415</u> |
| Business-type activities: | | | | |
| Machinery and equipment | \$ 262,476 | \$ - | \$ - | \$ 262,476 |
| Less accumulated depreciation | <u>177,014</u> | <u>11,930</u> | <u>-</u> | <u>188,944</u> |
| Business-type activities capital assets, net | \$ <u>85,462</u> | \$ <u>11,930</u> | \$ <u>-</u> | \$ <u>73,532</u> |

Depreciation/amortization expense was charged to the following functions:

| | |
|--|-------------------|
| Governmental activities: | |
| Instruction: | |
| Regular | \$ 4,042 |
| Support services: | |
| Administration | 1,450 |
| Operation and maintenance of plant | 24,636 |
| Transportation | 13,344 |
| Unallocated depreciation | <u>325,513</u> |
| Total governmental activities depreciation expense | \$ <u>368,985</u> |
| Business-type activities: | |
| Food service operations | \$ <u>11,930</u> |

NOTE 5: LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2021 are summarized as follows:

| | <u>Balance Beginning of Year</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance End of Year</u> | <u>Due Within One Year</u> |
|---------------------------|--|-------------------|-------------------|------------------------------------|------------------------------------|
| Governmental activities: | | | | | |
| Revenue bonds | \$ 2,340,000 | \$ - | \$ 215,000 | \$ 2,125,000 | \$ - |
| Capital loan notes | 1,505,000 | - | 140,000 | 1,365,000 | 140,000 |
| Net pension liability | 2,166,776 | 345,187 | - | 2,511,963 | - |
| Total OPEB liability | <u>351,608</u> | <u>46,332</u> | <u>-</u> | <u>397,940</u> | <u>-</u> |
| Total | \$ <u>6,363,384</u> | \$ <u>391,519</u> | \$ <u>355,000</u> | \$ <u>6,399,903</u> | \$ <u>140,000</u> |
| Business type activities: | | | | | |
| Net pension liability | \$ 50,328 | \$ 2,819 | \$ - | \$ 53,147 | \$ - |
| Total OPEB liability | <u>2,871</u> | <u>379</u> | <u>-</u> | <u>3,250</u> | <u>-</u> |
| Total | \$ <u>53,199</u> | \$ <u>3,198</u> | \$ <u>-</u> | \$ <u>56,397</u> | \$ <u>-</u> |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 5: LONG-TERM LIABILITIES (Continued)

Revenue Bonds

Details of the District's June 30, 2021 statewide sales, services and use tax revenue bonded indebtedness are as follows:

| Year Ending June 30, | Interest Rate | <u>Bond dated October 1, 2019</u> | | |
|----------------------------|------------------|-----------------------------------|-------------------|---------------------|
| | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2022 | 2.00 % | \$ - | \$ 42,500 | \$ 42,500 |
| 2023 | 2.00 | 220,000 | 44,650 | 264,650 |
| 2024 | 2.00 | 225,000 | 40,300 | 265,300 |
| 2025 | 2.00 | 225,000 | 35,850 | 260,850 |
| 2026 | 2.00 | 230,000 | 31,350 | 261,350 |
| 2027-2030 | 2.00 | <u>1,225,000</u> | <u>89,050</u> | <u>1,314,050</u> |
| Total | | \$ <u>2,125,000</u> | \$ <u>283,700</u> | \$ <u>2,408,700</u> |

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,340,000 of bonds issued in October 2019. The bonds were issued for the purpose of financing a portion of the costs of a capital project. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 35% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$2,408,700. For the current year, \$215,000 went to principal and \$46,800 in interest paid on the bonds and total statewide sales, services and use tax revenues were \$308,012.

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

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

Capital Loan Notes

During the year ended June 30, 2020, the District issued Capital loans notes to provide funds for the purchase of equipment. The notes are payable from the Capital projects: Physical plant and equipment levy fund. The total principal and interest remaining to be paid on the notes is \$1,494,407. For the current year, there was \$140,000 of principal and \$17,943 of interest paid on the notes. Details of the District's indebtedness under the agreements in effect at June 30, 2021 are as follows:

| Year Ending June 30, | Interest Rate | <u>Capital Loan Note Dated October 9, 2019</u> | | |
|-------------------------|------------------|--|-----------------|--------------|
| | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2022 | 1.85 % | \$ 140,000 | \$ 25,252 | \$ 165,252 |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5: LONG-TERM LIABILITIES (Continued)

Capital Loan Notes – (Continued)

| | | | | | |
|-----------|------|----|------------------|---------------|------------------|
| 2023 | 1.85 | | 145,000 | 22,662 | 167,662 |
| 2024 | 1.85 | | 145,000 | 19,980 | 164,980 |
| 2025 | 1.85 | | 150,000 | 17,297 | 167,297 |
| 2026 | 1.85 | | 150,000 | 14,523 | 164,523 |
| 2027-2030 | 1.85 | | <u>635,000</u> | <u>29,693</u> | <u>664,693</u> |
| Total | | \$ | <u>1,365,000</u> | \$ | <u>1,494,407</u> |

NOTE 6: PENSION PLAN – IPERS

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 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, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

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

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

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6: PENSION PLAN – IPERS (Continued)

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 that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2021 totaled \$267,477.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the District reported a liability of \$2,565,110 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the District's proportion was .036772%, which was a decrease of .00126% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$361,023. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 2,834 | \$ 60,800 |
| Changes of assumptions | 131,666 | - |
| Net difference between projected and actual earnings on IPERS' investments | 144,200 | - |
| Changes in proportion and differences between District contributions and the District's proportionate share of contributions | 2,925 | 87,057 |
| District contributions subsequent to the measurement date | <u>267,477</u> | <u>-</u> |
| Total | \$ <u>549,102</u> | \$ <u>147,857</u> |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 6: PENSION PLAN – IPERS (Continued)

\$267,477 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended <u>June 30,</u> | <u>Total</u> |
|-------------------------------|-------------------|
| 2022 | \$ 12,192 |
| 2023 | 29,734 |
| 2024 | 31,785 |
| 2025 | 67,668 |
| 2026 | <u>(7,611)</u> |
| | \$ <u>133,768</u> |

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

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

The actuarial assumptions used in the June 30, 2020 valuation was based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

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

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan 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 arithmetic real rates of return for each major asset class are summarized in the following table:

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 6: PENSION PLAN – IPERS (Continued)

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

Discount Rate – The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate.

| | <u>1% Decrease (6.0%)</u> | <u>Discount Rate (7.0%)</u> | <u>1% Increase (8.0%)</u> |
|---|-------------------------------|---------------------------------|-------------------------------|
| District's proportionate share of the net pension liability | \$ <u>4,277,105</u> | \$ <u>2,565,110</u> | \$ <u>1,129,629</u> |

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

Payables to IPERS – At June 30, 2021, the District reported no payables to IPERS of for legally required employer and employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 7: 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 health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

| | |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefit payments | 3 |
| Active employees | <u>36</u> |
| Total | <u>39</u> |

Total OPEB Liability – The District's total OPEB liability of \$401,190 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2021 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, 2021) | 2.50% per annum. |
| Rates of salary increase (effective June 30, 2021) | 2.50% per annum, including inflation. |
| Discount rate (effective June 30, 2021) | 1.92% compounded annually, including inflation. |
| Healthcare cost trend rate (effective June 30, 2021) | 6.40% initial rate changing over future years annually to a rate of 4.00% after 2038. |

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

Mortality rates are from the SOA RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Total OPEB Liability

| | <u>Total OPEB Liability</u> | |
|--|-----------------------------|-----------------|
| Total OPEB liability beginning of year | \$ | 354,479 |
| Changes for the year: | | |
| Service cost | | 31,043 |
| Interest | | 9,313 |
| Changes in assumptions | | 17,147 |
| Benefit payments | | <u>(10,792)</u> |
| Net changes | | <u>46,711</u> |
| Total OPEB liability end of year | \$ | <u>401,190</u> |

Changes of assumptions reflect a change in the discount rate from 2.45% in fiscal year 2020 to 1.92% in fiscal year 2021.

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 (.92%) or 1% higher (2.92%) than the current discount rate.

| | 1% Decrease <u>(.92%)</u> | Discount Rate <u>(1.92%)</u> | 1% Increase <u>(2.92%)</u> |
|----------------------|---------------------------------|------------------------------------|----------------------------------|
| Total OPEB liability | \$ <u>435,308</u> | \$ <u>401,190</u> | \$ <u>369,383</u> |

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 (5.40%) or 1% higher (7.40%) than the current healthcare cost trend rates.

| | 1% Decrease <u>(5.40%)</u> | Healthcare Cost Trend Rate <u>(6.40%)</u> | 1% Increase <u>(7.40%)</u> |
|----------------------|----------------------------------|--|----------------------------------|
| Total OPEB liability | \$ <u>347,495</u> | \$ <u>401,190</u> | \$ <u>466,308</u> |

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2021, the District recognized OPEB expense of \$57,503. Winfield-Mt. Union Community School District elected to use the Alternative Measurement Method (AMM) as allowed by GASB Statement No. 75 for entities with fewer than 100 active and inactive employees. Certain items such as differences between expected and actual experience and changes in assumptions and other inputs are recognized in the current year when using the AMM and, therefore, there are no deferred outflows of resources or deferred inflows of resources related to OPEB.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 8: RISK MANAGEMENT

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed in July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: dental, life and long-term disability.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its general fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2021 were \$319,634.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days' prior notice may withdraw.

Winfield-Mt. Union 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.

NOTE 9: 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 \$146,663 for the year ended June 30, 2021 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTE 10: CATEGORICAL FUNDING

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

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2021:

| <u>Program</u> | <u>Amount</u> |
|--|-------------------|
| LEP weighting | \$ 9,135 |
| Gifted and talented | 35,778 |
| Dropout and dropout prevention | 56,732 |
| Teacher leadership state aid | 158,049 |
| Preschool state aid | 15,240 |
| Teacher salary supplement | 16,073 |
| Successful progression for early readers | 58,878 |
| Professional development | <u>36,525</u> |
| Total | \$ <u>386,410</u> |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 11: TAX ABATEMENTS

Governmental Accounting Standards Board Statements 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.

The District was not impacted by any tax abatements which meet the disclosure requirements of Governmental Accounting Standards Board Statement No. 77 for fiscal year 2021.

NOTE 12: CONSTRUCTION COMMITMENT

The District has entered into contracts totaling \$309,540 for architect and engineering services related to future construction projects. As of June 30, 2021, costs of \$309,540 had been incurred against the contract and recorded as construction in progress.

NOTE 13: COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of Winfield-Mt. Union School District, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Winfield-Mt. Union Community School District. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to Winfield-Mt. Union Community School District.

NOTE 14: PROSPECTIVE ACCOUNTING CHANGE

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement will require reporting of certain potentially significant lease liabilities that are not currently reported.

NOTE 15: SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 7, 2021, the date statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021

| | Governmental Funds <u>Actual</u> | Proprietary Funds <u>Actual</u> | Total <u>Actual</u> |
|--|--|---------------------------------------|------------------------|
| <u>REVENUES:</u> | | | |
| Local sources | \$ 2,808,199 | \$ 21,850 | \$ 2,830,049 |
| State sources | 2,281,752 | 2,371 | 2,284,123 |
| Federal sources | <u>317,329</u> | <u>287,915</u> | <u>605,244</u> |
| Total revenues | <u>5,407,280</u> | <u>312,136</u> | <u>5,719,416</u> |
| <u>EXPENDITURES/EXPENSES:</u> | | | |
| Instruction | 3,117,824 | - | 3,117,824 |
| Support services | 1,656,694 | - | 1,656,694 |
| Non-instructional programs | - | 275,299 | 275,299 |
| Other expenditures | <u>1,596,847</u> | <u>-</u> | <u>1,596,847</u> |
| Total expenditures/expenses | <u>6,371,365</u> | <u>275,299</u> | <u>6,646,664</u> |
| Excess (deficiency) of revenues over (under) expenditures/expenses | (964,085) | 36,837 | (927,248) |
| Other financing sources (uses), net | <u>895</u> | <u>-</u> | <u>895</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses | (963,190) | 36,837 | (926,353) |
| <u>BALANCE</u> - Beginning of year | <u>3,799,483</u> | <u>119,447</u> | <u>3,918,930</u> |
| <u>BALANCE</u> - End of year | \$ <u>2,836,293</u> | \$ <u>156,284</u> | \$ <u>2,992,577</u> |

| <u>Budgeted</u> <u>Amounts</u> | | |
|-----------------------------------|----|--|
| <u>Original/Final</u> | | <u>Original/Final to</u> <u>Actual Variance</u> |
| \$ 3,016,830 | \$ | (186,781) |
| 2,386,455 | | (102,332) |
| 361,000 | | 244,244 |
| <u>5,764,285</u> | | <u>(44,869)</u> |
| 3,923,670 | | 805,846 |
| 1,769,628 | | 112,934 |
| 362,896 | | 87,597 |
| <u>1,742,173</u> | | <u>145,326</u> |
| <u>7,798,367</u> | | <u>1,151,703</u> |
| (2,034,082) | | 1,106,834 |
| <u>50,000</u> | | <u>(49,105)</u> |
| (1,984,082) | | 1,057,729 |
| <u>2,114,164</u> | | <u>1,804,766</u> |
| \$ <u>130,082</u> | \$ | <u>2,862,495</u> |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY REPORTING

YEAR ENDED JUNE 30, 2021

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service Funds, Private Purpose Trust Funds and Custodial Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a modified accrual 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 functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated function level, not at the fund level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST SEVEN FISCAL YEARS*

REQUIRED SUPPLEMENTARY INFORMATION

| | <u>2021</u> | <u>2020</u> |
|--|--------------|--------------|
| District's proportion of the net pension liability | 0.036772 % | 0.038032 % |
| District's proportionate share of the net pension liability | \$ 2,565,110 | \$ 2,217,104 |
| District's covered payroll | \$ 2,894,672 | \$ 2,913,835 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 88.61 % | 76.59 % |
| IPERS' net position as a percentage of the total pension liability | 82.90 % | 85.45 % |

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

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

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|----|-------------|--------------|--------------|--------------|--------------|
| | 0.038262 % | 0.038278 % | 0.038901 % | 0.038512 % | 0.039690 % |
| \$ | 2,420,453 | \$ 2,549,773 | \$ 2,448,174 | \$ 1,902,679 | \$ 1,574,056 |
| \$ | 2,874,828 | \$ 2,856,496 | \$ 2,791,691 | \$ 2,638,421 | \$ 2,595,424 |
| | 84.19 % | 89.26 % | 87.70 % | 72.11 % | 60.65 % |
| | 83.62 % | 82.21 % | 81.82 % | 85.19 % | 87.61 % |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|------------------|------------------|------------------|
| Statutorily required contribution | \$ 267,477 | \$ 273,257 | \$ 275,066 |
| Contributions in relation to the statutorily required contribution | <u>(267,477)</u> | <u>(273,257)</u> | <u>(275,066)</u> |
| Contribution deficiency (excess) | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |
| District's covered payroll | \$ 2,833,443 | \$ 2,894,672 | \$ 2,913,835 |
| Contributions as a percentage of covered payroll | 9.44 % | 9.44 % | 9.44 % |

| <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 256,723 | \$ 255,085 | \$ 249,298 | \$ 235,611 | \$ 231,774 | \$ 220,513 | \$ 198,737 |
| <u>(256,723)</u> | <u>(255,085)</u> | <u>(249,298)</u> | <u>(235,611)</u> | <u>(231,774)</u> | <u>(220,513)</u> | <u>(198,737)</u> |
| \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| \$ 2,874,828 | \$ 2,856,496 | \$ 2,791,691 | \$ 2,638,421 | \$ 2,595,454 | \$ 2,543,403 | \$ 2,462,664 |
| 8.93 % | 8.93 % | 8.93 % | 8.93 % | 8.67 % | 8.07 % | 6.95 % |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

YEAR ENDED JUNE 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
FOR THE LAST FOUR YEARS

REQUIRED SUPPLEMENTARY INFORMATION

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|-------------------|-------------------|
| Service cost | \$ 31,043 | \$ 77,138 | \$ 75,257 | \$ 78,148 |
| Interest cost | 9,313 | 20,770 | 15,892 | 15,268 |
| Change in assumptions | 17,147 | (375,564) | 72,212 | 68 |
| Benefit payments | <u>(10,792)</u> | <u>(31,452)</u> | <u>(7,512)</u> | <u>(7,512)</u> |
| Net change in total OPEB liability | 46,711 | (309,108) | 155,849 | 85,972 |
| Total OPEB liability, beginning of year | <u>354,479</u> | <u>663,587</u> | <u>507,738</u> | <u>421,766</u> |
| Total OPEB liability end of year | \$ <u>401,190</u> | \$ <u>354,479</u> | \$ <u>663,587</u> | \$ <u>507,738</u> |
| | | | | |
| Covered payroll | \$ 2,607,000 | \$ 2,764,000 | \$ 2,995,000 | \$ 3,670,180 |
| | | | | |
| Total OPEB liability as a percentage of covered payroll | 15.39% | 12.82% | 22.16% | 13.83% |

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

| | |
|--------------------------|--------|
| Year ended June 30, 2021 | 1.92 % |
| Year ended June 30, 2020 | 2.45 % |
| Year ended June 30, 2019 | 3.13 % |
| Year ended June 30, 2018 | 3.62 % |
| Year ended June 30, 2017 | 3.56 % |

SUPPLEMENTARY INFORMATION

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND
JUNE 30, 2021

| | Special Revenue Student Activity | Total Nonmajor Governmental Fund |
|---|---|---|
| <u>ASSETS:</u> | | |
| Cash, cash equivalents and pooled investments | \$ <u>100,074</u> | \$ <u>100,074</u> |
| TOTAL ASSETS | \$ <u>100,074</u> | \$ <u>100,074</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| <u>LIABILITIES:</u> | | |
| None | \$ _____ - | \$ _____ - |
| <u>FUND BALANCES:</u> | | |
| Restricted for: | | |
| Student activities | <u>100,074</u> | <u>100,074</u> |
| Total fund balances | <u>100,074</u> | <u>100,074</u> |
| TOTAL LIABILITIES AND FUND BALANCES | \$ <u>100,074</u> | \$ <u>100,074</u> |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

| | <u>Special Revenue Student Activity</u> | <u>Debt Service</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|---|-------------------------|--|
| <u>REVENUES:</u> | | | |
| Local sources: | | | |
| Other | \$ 97,880 | \$ - | \$ 97,880 |
| Total revenues | <u>97,880</u> | <u>-</u> | <u>97,880</u> |
| <u>EXPENDITURES:</u> | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 95,357 | - | 95,357 |
| Other | 767 | - | 767 |
| Long-term debt: | | | |
| Principal | - | 355,000 | 355,000 |
| Interest and fiscal charges | - | 74,643 | 74,643 |
| Total expenditures | <u>96,124</u> | <u>429,643</u> | <u>525,767</u> |
| Excess (deficiency) of revenues over (under) expenditures | 1,756 | (429,643) | (427,887) |
| Other financing sources: | | | |
| Transfer in | <u>-</u> | <u>429,643</u> | <u>429,643</u> |
| Change in fund balances | <u>1,756</u> | <u>-</u> | <u>1,756</u> |
| <u>FUND BALANCES</u> - Beginning of year | <u>98,318</u> | <u>-</u> | <u>98,318</u> |
| <u>FUND BALANCES</u> - End of year | <u>\$ 100,074</u> | <u>\$ -</u> | <u>\$ 100,074</u> |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND ACCOUNTS
JUNE 30, 2021

| | <u>Capital Projects</u> | | |
|---|--|--|---------------------|
| | <u>Statewide Sales, Services and Use Tax</u> | <u>Physical Plant and Equipment Levy</u> | <u>Total</u> |
| <u>ASSETS:</u> | | | |
| Cash, cash equivalents and pooled investments | \$ 590,809 | \$ 836,151 | \$ 1,426,960 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | - | 3,603 | 3,603 |
| Succeeding year | - | 221,987 | 221,987 |
| Due from other governments | <u>25,751</u> | <u>-</u> | <u>25,751</u> |
| TOTAL ASSETS | \$ <u>616,560</u> | \$ <u>1,061,741</u> | \$ <u>1,678,301</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | |
| <u>LIABILITIES:</u> | | | |
| None | \$ - | \$ - | \$ - |
| TOTAL LIABILITIES | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>DEFERRED INFLOWS OF RESOURCES:</u> | | | |
| Unavailable revenues: | | | |
| Succeeding year property tax | \$ - | \$ 221,987 | \$ 221,987 |
| <u>FUND BALANCES:</u> | | | |
| Restricted for: | | | |
| School infrastructure | 616,560 | - | 616,560 |
| Physical plant and equipment | <u>-</u> | <u>839,754</u> | <u>839,754</u> |
| TOTAL FUND BALANCES | <u>616,560</u> | <u>839,754</u> | <u>1,456,314</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ <u>616,560</u> | \$ <u>1,061,741</u> | \$ <u>1,678,301</u> |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUND ACCOUNTS
 YEAR ENDED JUNE 30, 2021

| | <u>Capital Projects</u> | | |
|---|---|--|---------------------|
| | Statewide Sales, Services and Use Tax | Physical Plant and Equipment Levy | <u>Total</u> |
| Revenues: | | | |
| Local sources: | | | |
| Local tax | \$ - | \$ 219,348 | \$ 219,348 |
| Other | 3,605 | 5,309 | 8,914 |
| State sources | <u>308,012</u> | <u>1,367</u> | <u>309,379</u> |
| Total revenues | <u>311,617</u> | <u>226,024</u> | <u>537,641</u> |
| Expenditures: | | | |
| Current: | | | |
| Support services: | | | |
| Operation of maintenance and plant | 10,329 | - | 10,329 |
| Transportation | 41,909 | 19,674 | 61,583 |
| Capital outlay | <u>198,483</u> | <u>822,058</u> | <u>1,020,541</u> |
| Total expenditures | <u>250,721</u> | <u>841,732</u> | <u>1,092,453</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>60,896</u> | <u>(615,708)</u> | <u>(554,812)</u> |
| Other financing uses: | | | |
| Transfer out | <u>-</u> | <u>(429,643)</u> | <u>(429,643)</u> |
| Total other financing uses | <u>-</u> | <u>(429,643)</u> | <u>(429,643)</u> |
| Change in fund balances | 60,896 | (1,045,351) | (984,455) |
| <u>FUND BALANCES</u> - Beginning of year | <u>555,664</u> | <u>1,885,105</u> | <u>2,440,769</u> |
| <u>FUND BALANCES</u> - End of year | \$ <u>616,560</u> | \$ <u>839,754</u> | \$ <u>1,456,314</u> |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND -
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2021

| <u>Account</u> | <u>Balance</u> <u>Beginning</u> <u>of Year</u> | <u>Revenues</u> | <u>Expenditures</u> | <u>Balance</u> <u>End</u> <u>of Year</u> |
|-------------------------|--|------------------|---------------------|--|
| Drama | \$ 13,166 | \$ 29,745 | \$ 20,712 | \$ 22,199 |
| Speech | - | 205 | 205 | - |
| Vocal | 3,206 | 1,672 | 1,860 | 3,018 |
| Band | 510 | 1,672 | 627 | 1,555 |
| Basketball | 40,942 | 7,295 | 10,245 | 37,992 |
| Coed track | - | 5,982 | 5,831 | 151 |
| XC fund | 1,794 | 980 | 1,788 | 986 |
| Golf | 702 | - | 485 | 217 |
| Cheerleading | 432 | - | 432 | - |
| Drill team | 1,973 | - | 1,973 | - |
| Basketball-boys in/out | 1,094 | 1,530 | 1,022 | 1,602 |
| Football | 3,343 | 6,383 | 8,564 | 1,162 |
| Baseball | - | 5,105 | 4,840 | 265 |
| HS wrestling | 583 | - | 449 | 134 |
| Basketball-girls in/out | 445 | 1,770 | 1,347 | 868 |
| Volleyball | 8,144 | 3,963 | 7,698 | 4,409 |
| Softball | 3,697 | 10,878 | 10,212 | 4,363 |
| Pep | 4,483 | 1,471 | 1,190 | 4,764 |
| Art | - | 329 | 50 | 279 |
| Spanish | 255 | - | - | 255 |
| Wolves care | 1,266 | - | 179 | 1,087 |
| NHS | 898 | 2,555 | 2,648 | 805 |
| WMU catering | 768 | 2,683 | 1,545 | 1,906 |
| Yearbook | 1,696 | 4,520 | 1,357 | 4,859 |
| Student council | 1,109 | 363 | 727 | 745 |
| FFA | 2,673 | 750 | 2,673 | 750 |
| Europe club | 240 | - | - | 240 |
| Concession | - | 3,775 | 2,070 | 1,705 |
| Class of 2020 | 2,546 | - | 2,546 | - |
| Class of 2021 | 2,308 | 435 | 579 | 2,164 |
| Class of 2022 | - | 3,819 | 2,270 | 1,549 |
| Class of 2023 | 45 | - | - | 45 |
| Total | \$ 98,318 | \$ 97,880 | \$ 96,124 | \$ 100,074 |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

| | Modified Accrual Basis Years Ended June 30, | | | |
|---------------------------------------|--|---------------------|---------------------|---------------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| Revenues: | | | | |
| Local sources: | | | | |
| Local tax | \$ 1,730,837 | \$ 1,463,406 | \$ 1,558,717 | \$ 1,582,904 |
| Tuition | 798,565 | 865,889 | 663,059 | 655,352 |
| Other | 278,797 | 164,434 | 196,237 | 272,667 |
| State sources | 2,281,752 | 2,659,467 | 2,460,357 | 2,687,272 |
| Federal sources | <u>317,329</u> | <u>160,588</u> | <u>151,641</u> | <u>139,217</u> |
| Total | \$ <u>5,407,280</u> | \$ <u>5,313,784</u> | \$ <u>5,030,011</u> | \$ <u>5,337,412</u> |
| Expenditures: | | | | |
| Instruction: | | | | |
| Regular | \$ 2,152,252 | \$ 2,054,246 | \$ 2,103,440 | \$ 2,175,299 |
| Special | 381,693 | 423,531 | 388,613 | 382,816 |
| Other | 583,879 | 712,296 | 669,276 | 734,335 |
| Support services: | | | | |
| Student | 83,753 | 56,094 | 64,483 | 63,995 |
| Instructional staff | 253,251 | 296,421 | 324,271 | 129,473 |
| Administration | 709,874 | 622,018 | 607,973 | 931,302 |
| Operation and maintenance of plant | 441,538 | 349,852 | 382,613 | 374,102 |
| Transportation | 168,278 | 131,625 | 134,861 | 139,858 |
| Capital outlay | 1,020,541 | 225,902 | 207,114 | 167,883 |
| Long term debt: | | | | |
| Principal | 355,000 | 276,629 | 270,630 | 215,000 |
| Interest and fiscal charges | 74,643 | 37,620 | 45,189 | 47,792 |
| Other expenditures: | | | | |
| AEA flow-through | <u>146,663</u> | <u>150,734</u> | <u>147,736</u> | <u>151,427</u> |
| Total | \$ <u>6,371,365</u> | \$ <u>5,336,968</u> | \$ <u>5,346,199</u> | \$ <u>5,513,282</u> |

SCHEDULE 6

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|------|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ | 1,563,223 | \$ 1,528,833 | \$ 1,847,318 | \$ 1,752,162 | \$ 1,898,792 | \$ 1,792,024 |
| | 643,343 | 564,909 | 472,296 | 459,774 | 461,448 | 399,966 |
| | 245,305 | 282,156 | 390,747 | 368,970 | 413,688 | 227,086 |
| | 2,552,162 | 2,503,522 | 1,934,462 | 2,064,973 | 1,882,177 | 1,667,661 |
| | <u>157,916</u> | <u>170,538</u> | <u>190,662</u> | <u>134,128</u> | <u>274,790</u> | <u>364,706</u> |
| \$ | <u>5,161,949</u> | <u>5,049,958</u> | <u>4,835,485</u> | <u>4,780,007</u> | <u>4,930,895</u> | <u>4,451,443</u> |
| | | | | | | |
| \$ | 2,085,689 | \$ 2,081,913 | \$ 1,950,223 | \$ 1,877,632 | \$ 1,959,994 | \$ 1,817,927 |
| | 440,110 | 465,189 | 418,651 | 319,869 | 339,525 | 323,348 |
| | 620,549 | 526,830 | 561,263 | 619,618 | 613,383 | 546,527 |
| | 71,572 | 87,756 | 69,975 | 69,411 | 74,428 | 103,937 |
| | 156,626 | 150,729 | 155,906 | 179,820 | 154,091 | 131,833 |
| | 543,180 | 606,284 | 665,750 | 638,636 | 586,231 | 549,623 |
| | 355,184 | 367,775 | 364,255 | 393,542 | 453,439 | 284,020 |
| | 203,317 | 250,527 | 170,410 | 184,827 | 174,345 | 152,980 |
| | 98,442 | 114,111 | 59,168 | 270,064 | 1,973,635 | 168,476 |
| | 215,000 | 269,435 | 253,930 | 154,531 | 250,000 | 140,000 |
| | 53,323 | 60,465 | 61,879 | 65,738 | 52,116 | 9,015 |
| | <u>151,909</u> | <u>143,515</u> | <u>134,315</u> | <u>135,791</u> | <u>149,583</u> | <u>148,645</u> |
| \$ | <u>4,994,901</u> | <u>5,124,529</u> | <u>4,865,725</u> | <u>4,909,479</u> | <u>6,780,770</u> | <u>4,376,331</u> |



ANDERSON, LARKIN & CO., P.C.
Certified Public Accountants
"Your Success Is Our Business."

Kenneth E. Crosser, CPA
April D. Crosser, CPA
Michael J. Podliska, CPA
Alexander T. Barr, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Winfield-Mt. Union Community School District:

We have audited, 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, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Winfield-Mt. Union Community School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Winfield-Mt. Union Community School District's basic financial statements and have issued our report thereon dated November 7, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Winfield-Mt. Union Community School District's internal control over financial reporting as a basis for designing the 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 Winfield-Mt. Union Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Winfield-Mt. Union Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control we consider to be a material weakness.

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. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-21 to be a material weakness.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Winfield-Mt. Union 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

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

Winfield-Mt. Union Community School District's Response to Findings

Winfield-Mt. Union Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Winfield-Mt. Union Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 entity'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.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Winfield-Mt. Union 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.

ANDERSON, LARKIN & CO., P.C.

Anderson Larkin & Co., P.C.

Ottumwa, Iowa
November 7, 2021

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2021

PART I: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

INTERNAL CONTROL DEFICIENCIES:

I-A-21 Segregation of Duties

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

Condition – One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. In certain instances, one individual has control over one or more of the following areas for the District:

- 1) Cash – initiating cash receipt and disbursement transactions and handling and recording cash; posting and reconciling.
- 2) Investments – investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts – collecting, recording, depositing, journalizing, posting and reconciling.
- 4) Disbursements – purchase order processing, check preparation, mailing and recording.
- 5) Payroll – recordkeeping, preparation, posting and distribution.
- 6) Journal entries – writing, posting and approving.

Cause – The District has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

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

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its procedures to obtain maximum internal control possible under the circumstances.

Response – We will continue to investigate and implement practices to increase the segregation of duties.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

PART II: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

II-A-21 Certified Budget – District expenditures for the year ended June 30, 2021 did not exceed the certified amounts budgeted.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2021

PART II: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING: (Continued)

- II-B-21 Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in Article III, Section 31 of the Iowa Constitution and an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-21 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-21 Business Transactions – No business transactions between the District and District officials or employees were noted.
- II-E-21 Restricted Donor Activity – No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- II-F-21 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- II-G-21 Board Minutes – We noted no transactions requiring Board approval which have not been approved by the Board.
- II-H-21 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-I-21 Supplementary Weighting – We noted a variance in the supplementary weighting data certified to the Iowa Department of Education for October, 2020. The supplementary weighting data was overstated by 0.50 due to a student being funded but not enrolled.
- Recommendation – The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.
- Response – The District's auditors will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.
- Conclusion – Response accepted.
- II-J-21 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-K-21 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- II-L-21 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2021

PART II: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING: (Continued)

II-M-21 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provisions of 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, 2021, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR:

| | | | |
|-----------------------|----|---------------|----------------|
| Beginning balance | | \$ | 555,664 |
| Revenues/transfer in: | | | |
| Sales tax revenues | \$ | 308,012 | |
| Other local revenues | | <u>3,605</u> | <u>311,617</u> |
| | | | <u>867,281</u> |
| Expenditures: | | | |
| Capital outlay | | 198,483 | |
| Support services | | <u>52,238</u> | <u>250,721</u> |
| Ending balance | | \$ | <u>616,560</u> |

For the year ended June 30, 2021, the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.