

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2022

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

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WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Klay Edwards	President	2023
Dan Schurr	Vice President	2023
Matt Nelson	Board Member	2025
Aaron Cummings	Board Member	2025
Stacey Buffington	Board Member	2023
<u>School Officials</u>		
Jeff Maeder	Superintendent	Indefinite
Carmen Benson	Business Manager/Board Secretary	Indefinite
Ahlers & Cooney, P.C.	Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Winfield-Mt. Union Community School District, Winfield, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Winfield-Mt. Union Community School District at June 30, 2022, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 13 to the financial statements, Winfield-Mt. Union Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability (asset), the Schedule of District Contributions and the Schedule Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 11 and 39 through 47 be presented to supplement the basic financial statements. Such information is the responsibility of the management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Winfield-Mt. Union Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those statements. Other auditors audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the six years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards Required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 7 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 _____ 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.

ANDERSON, LARKIN & CO., P.C.

Ottumwa, Iowa

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, 2022. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2022 FINANCIAL HIGHLIGHTS

- The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain assets and liability accounts related to leases, however had no effect on the beginning net position for governmental activities.
- General Fund revenues increased from \$4,721,046 in fiscal 2021 to \$4,893,545 in fiscal 2022, while General Fund expenditures increased from \$4,681,479 in fiscal 2021 to \$4,893,877 in fiscal 2022. The District's General Fund balance decreased from \$1,195,121 in fiscal 2021 to \$1,164,509 in fiscal 2022, a 2.56% decrease.
- The increase in General Fund revenues was primarily attributable to the increase in state and federal revenues received compared to the prior year. The increase in expenditures was primarily due to the increase in instruction and support services expenditures incurred compared to the previous year.
- The District's total net position increased from \$1,987,946 in 2021, to \$2,662,057 in 2022, a 33.91% increase. Total revenues increased from \$5,732,930 in fiscal year 2021 to \$6,319,849 in fiscal year 2022, a 10.24% increase, while total expenses decreased from \$5,758,342 in fiscal 2021, to \$5,645,698 in fiscal 2022, a 1.96% decrease 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 non-major governmental funds, capital project funds and a schedule of revenues and expenditures for all governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefitting the District.

Reporting the District's Financial Activities

Government-wide Financial Statements

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

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating, 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 are 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, 2022 compared to June 30, 2021.

Figure A-1
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		
	2022	Restated 2021	2022	Restated 2021	2022	Restated 2021	2021 -2022
Current and other assets	\$ 4,910,531	\$ 5,047,783	\$ 198,472	\$ 163,153	\$ 5,109,003	\$ 5,210,936	(1.96) %
Capital assets	<u>4,911,814</u>	<u>5,067,301</u>	<u>75,234</u>	<u>73,533</u>	<u>4,987,048</u>	<u>5,140,834</u>	(2.99)
Total assets	<u>9,822,345</u>	<u>10,115,084</u>	<u>273,706</u>	<u>236,686</u>	<u>10,096,051</u>	<u>10,351,770</u>	(2.47)
Deferred outflows of resources	<u>336,452</u>	<u>545,321</u>	<u>2,922</u>	<u>3,781</u>	<u>339,374</u>	<u>549,102</u>	(38.19)
Long-term liabilities	3,683,514	6,596,512	3,904	56,397	3,687,418	6,652,909	(44.57)
Other liabilities	<u>526,786</u>	<u>458,788</u>	<u>19,817</u>	<u>16,103</u>	<u>546,603</u>	<u>474,891</u>	15.10
Total liabilities	<u>4,210,300</u>	<u>7,055,300</u>	<u>23,721</u>	<u>72,500</u>	<u>4,234,021</u>	<u>7,127,800</u>	(40.60)
Deferred inflows of resources	<u>3,476,402</u>	<u>1,773,443</u>	<u>62,945</u>	<u>11,683</u>	<u>3,539,347</u>	<u>1,785,126</u>	98.27
Net position:							
Net investment in capital assets,	1,629,190	1,380,692	75,234	73,533	1,704,424	1,454,225	17.20
Restricted	2,022,748	2,027,582	-	-	2,022,748	2,027,582	(.24)
Unrestricted	<u>(1,179,843)</u>	<u>(1,576,612)</u>	<u>114,728</u>	<u>82,751</u>	<u>(1,065,115)</u>	<u>(1,493,861)</u>	28.70
Total net position	\$ <u>2,472,095</u>	\$ <u>1,831,662</u>	\$ <u>189,962</u>	\$ <u>156,284</u>	\$ <u>2,662,057</u>	\$ <u>1,987,946</u>	33.91 %

The District's total net position increased by 33.91%, or \$674,111, 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 \$4,834, or .24% 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 – increased \$428,746 or 28.7%.

Figure A-2 shows the changes in net position for the year ended June 30, 2022 compared to the year ended June 30, 2021.

Figure A-2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total District		Total Change
	June 30, 2022	Restated 2021	June 30, 2022	2021	June 30, 2022	Restated 2021	2021-2022
Revenues							
Program revenues:							
Charges for services	\$ 862,524	\$ 830,940	\$ 23,861	\$ 20,944	\$ 886,385	\$ 851,884	4.05 %
Operating grants, contributions and restricted interest	300,566	306,746	316,797	290,286	617,363	597,032	3.41
General revenues:							
Property tax	1,744,025	1,675,486	-	-	1,744,025	1,675,486	4.09
Income surtax	109,843	105,826	-	-	109,843	105,826	3.80
Statewide sales, services and use tax	377,378	308,012	-	-	377,378	308,012	22.52
Unrestricted state grants	2,281,303	1,982,227	-	-	2,281,303	1,982,227	15.09
Unrestricted investment earnings	9,797	12,514	155	142	10,451	12,656	(17.42)
Other	<u>292,946</u>	<u>199,043</u>	<u>654</u>	<u>764</u>	<u>293,101</u>	<u>199,807</u>	46.69
Total revenues	<u>5,978,382</u>	<u>5,420,794</u>	<u>341,467</u>	<u>312,136</u>	<u>6,319,849</u>	<u>5,732,930</u>	10.24
Program expenses:							
Instruction	2,858,991	3,228,857	-	-	2,858,991	3,228,857	(11.45)
Support services	1,901,668	1,709,860	-	-	1,901,668	1,709,860	11.22
Non-instructional programs	-	-	307,789	275,299	307,789	275,299	11.80
Other expenses	<u>577,250</u>	<u>544,326</u>	<u>-</u>	<u>-</u>	<u>577,250</u>	<u>544,326</u>	6.05
Total expenses	<u>5,337,909</u>	<u>5,483,043</u>	<u>307,789</u>	<u>275,299</u>	<u>5,645,698</u>	<u>5,758,342</u>	(1.96)
Change in net position	640,433	(62,249)	33,678	36,837	674,151	(25,412)	2,552.88
Net position beginning of year, as restated	<u>1,831,662</u>	<u>1,893,911</u>	<u>156,284</u>	<u>119,447</u>	<u>1,987,946</u>	<u>2,013,358</u>	(1.26)
Net position end of year	\$ <u>2,472,095</u>	\$ <u>1,831,662</u>	\$ <u>189,962</u>	\$ <u>156,284</u>	\$ <u>2,662,057</u>	\$ <u>1,987,946</u>	33.91 %

In the fiscal year 2022 property tax and unrestricted state grants accounted for 67% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 93% of the revenue of the business-type activities. The District's total revenues were approximately \$6.3 million, of which approximately \$6.0 million was for governmental activities and approximately \$.3 million was for business-type activities revenues.

As shown in Figure A-2, the District as a whole experienced a 10.24% increase in revenues and a 1.96% decrease in expenses. The increase in revenues is primarily due to an increase in unrestricted state grants while the decrease in expenses is primarily due to a decrease in instruction expenses incurred compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$5,978,382 and expenses were \$5,337,909 for the year ended June 30, 2022.

For the year ended June 30, 2022:

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, 2022 compared to the year ended June 30, 2021.

Figure A-3
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	June 30, 2022	June 30, 2021 <small>Restated</small>	Total Change 2021-2022	June 30, 2022	June 30, 2021 <small>Restated</small>	Total Change 2021-2022
Instruction	\$ 2,858,991	\$ 3,228,857	(11.46)	\$ 1,844,202	\$ 2,237,834	(17.59)
Support services	1,901,668	1,709,860	11.22	1,901,668	1,709,860	11.22
Other expenses	<u>577,250</u>	<u>544,326</u>	6.05	<u>428,949</u>	<u>402,217</u>	6.65
Total expenses	\$ <u>5,337,909</u>	\$ <u>5,483,043</u>	(2.65)	\$ <u>4,174,819</u>	\$ <u>4,349,911</u>	(4.03)

- The cost financed by users of the District's programs was \$862,524.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$300,566.
- The net cost of governmental activities was financed with \$1,744,025 in property taxes, \$109,843 in income surtax, \$377,378 in statewide sales, services and use tax, \$2,281,303 in unrestricted state grants, \$9,797 in interest income and \$292,946 in other general revenues.

Business-Type Activities

Revenues for business-type activities were \$341,467 and expenses were \$307,789 during the year ended June 30, 2022. 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.

During the year ended June 30, 2022, the District had an increase in the number of students receiving free or reduced-price lunches. This resulted in an increase in federal reimbursements for the student meal program.

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 \$2,770,393, a decrease over last year's ending combined fund balances of \$2,836,293. The primary reason for the decrease in combined fund balances at the end of fiscal year 2022 is due to an increase in long-term debt expenditures.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The District's General Fund balance decreased from \$1,195,121 at June 30, 2021 to \$1,164,509 at June 30, 2022. An increase in total expenditures compared to the prior year was the primary reason for the decrease in ending fund balance.
- The Capital Projects Fund balance decreased from \$1,456,314 at June 30, 2021 to \$1,266,410 at June 30, 2022. The decrease resulted from increased support services expenditures.
- The Management Fund balance increased from \$84,784 at June 30, 2021 to \$235,527 at June 30, 2022. The increase resulted from increased local tax revenues.

Proprietary Fund Highlights

School Nutrition Fund net position increased from \$156,284 at June 30, 2021, to \$189,962 at June 30, 2022, representing an increase of 21.55%. The increase was due to an increase in federal source revenue.

BUDGETARY HIGHLIGHTS

The District's revenues were \$412,910 more than budgeted revenues, a variance of 6.9%. The most significant variance resulted from the District receiving more in federal source revenue 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.

In spite of the District's budgetary practice, expenditures in the support services functional area exceeded the amounts budgeted due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had invested \$4,987,048 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment, transportation equipment, and intangible assets. (See Figure A-4) This amount represents a net decrease of 2.99% 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 \$440,273.

The original cost of the District's capital assets was \$11,063,412. Governmental activities account for \$10,786,065 with the remainder of \$277,347 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 \$79,376 at June 30, 2022, compared to \$309,540 reported at June 30, 2021. This decrease is the result of ongoing capital projects during fiscal year 2021 being completed in fiscal year 2022.

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

	Governmental Activities June 30,		Business-Type Activities June 30,		Total District June 30,		Total Change 2021-2022
	2022	Restated 2021	2022	2021	2022	Restated 2021	
Land	\$ 70,933	\$ 70,933	\$ -	\$ -	\$ 70,933	\$ 70,933	-
Construction In progress	79,376	309,540	-	-	79,376	309,540	(74.36)
Buildings	3,796,066	3,583,980	-	-	3,796,066	3,583,981	5.92
Land improvements	722,547	788,449	-	-	722,547	788,449	(8.36)
Machinery and Equipment	232,852	297,664	75,234	73,533	308,086	371,197	(17.00)
Right-to-use leased equipment	10,040	16,735	-	-	10,040	16,735	(40.01)
Totals	\$ <u>4,911,814</u>	\$ <u>5,067,301</u>	\$ <u>75,234</u>	\$ <u>73,533</u>	\$ <u>4,987,048</u>	\$ <u>5,140,835</u>	(2.99)

Long-Term Debt

At June 30, 2022, the District had long-term debt outstanding of \$3,282,624 in bonds, capital loan notes, lease agreements payable, and notes payable. This represents a decrease of 10.96% 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 Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit.

The District had revenue bonded indebtedness of \$1,905,000 at June 30, 2022 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund and capital loan note indebtedness of \$1,225,000 payable from the Capital Projects: Physical Plant and Equipment Levy Fund. In addition, the District had \$10,124 of lease agreements payable and \$142,500 of note payable at June 30, 2022 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

Figure A-5
Outstanding Long-term Obligations

	Total District June 30,		Total Change
	<u>2022</u>	Restated <u>2021</u>	<u>2021-2022</u>
Revenue bonds	\$ 1,905,000	\$ 2,125,000	(10.35) %
Lease agreements	10,124	16,735	(39.50)
Note payable	142,500	179,874	(20.78)
Capital loan notes	<u>1,225,000</u>	<u>1,365,000</u>	(10.26)
Totals	\$ <u>3,282,624</u>	\$ <u>3,686,609</u>	(10.96) %

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 fourth 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, 2022

	Governmental Activities	Business Type Activities	Total
ASSETS:			
Cash, cash equivalents and pooled investments	\$ 2,959,387	\$ 196,394	\$ 3,155,781
Receivables:			
Property tax:			
Delinquent	14,637	-	14,637
Succeeding year	1,570,835	-	1,570,835
Income surtax	45,593	-	45,593
Accounts	263,254	665	263,919
Due from other governments	56,825	-	56,825
Inventories	-	1,413	1,413
Capital assets not being depreciated:			
Land and construction in progress	150,309	-	150,309
Capital assets, net of accumulated depreciation:			
Buildings, land improvements, machinery and equipment	4,761,505	75,234	4,836,739
TOTAL ASSETS	<u>9,822,345</u>	<u>273,706</u>	<u>10,096,051</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	<u>336,452</u>	<u>2,922</u>	<u>339,374</u>
LIABILITIES:			
Accounts payable	92,437	14,234	106,671
Salaries and benefits payable	388,894	2,109	391,003
Accrued interest payable	3,076	-	3,076
Unearned revenue	42,379	3,474	45,853
Long-term liabilities:			
Portion due within one year:			
Capital loan notes	145,000	-	145,000
Lease agreements payable	6,716	-	6,716
Note payable	142,500	-	142,500
Portion due after one year:			
Lease agreements payable	3,408	-	3,408
Revenue bonds	1,905,000	-	1,905,000
Capital loan notes	1,080,000	-	1,080,000
Net pension liability	48,498	1,026	49,524
Total OPEB liability	<u>352,392</u>	<u>2,878</u>	<u>355,270</u>
TOTAL LIABILITIES	<u>4,210,300</u>	<u>23,721</u>	<u>4,234,021</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows	1,905,567	62,945	1,968,512
Unavailable property tax revenue	<u>1,570,835</u>	<u>-</u>	<u>1,570,835</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,476,402</u>	<u>62,945</u>	<u>3,539,347</u>
NET POSITION:			
Net investment in capital assets	1,629,190	75,234	1,704,424
Restricted for:			
Categorical funding	416,864	-	416,864
Management levy purposes	235,527	-	235,527
Student activities	103,947	-	103,947
School infrastructure	931,305	-	931,305
Physical plant and equipment	335,105	-	335,105
Unrestricted	<u>(1,179,843)</u>	<u>114,728</u>	<u>(1,065,115)</u>
TOTAL NET POSITION	<u>\$ 2,472,095</u>	<u>\$ 189,962</u>	<u>\$ 2,662,057</u>

See Notes to Financial Statements

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

		<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	\$ 2,031,307	\$ 599,585	\$ 114,595
Special	344,918	262,939	18,565
Other	482,766	-	19,105
	<u>2,858,991</u>	<u>862,524</u>	<u>152,265</u>
Support services:			
Student	52,292	-	-
Instructional staff	356,183	-	-
Administration	626,416	-	-
Operation and maintenance of plant	544,846	-	-
Transportation	321,931	-	-
	<u>1,901,668</u>	<u>-</u>	<u>-</u>
Other expenditures:			
AEA flowthrough	148,301	-	148,301
Long-term debt interest	73,506	-	-
Depreciation (unallocated)*	355,443	-	-
	<u>577,250</u>	<u>-</u>	<u>148,301</u>
Total governmental activities	<u>5,337,909</u>	<u>862,524</u>	<u>300,566</u>
Business type activities:			
Non-instructional programs:			
Three year old preschool	12,811	12,811	-
Food service operations	294,978	11,050	316,797
Total business type activities	<u>307,789</u>	<u>23,861</u>	<u>316,797</u>
Total	<u>\$ 5,645,698</u>	<u>\$ 886,385</u>	<u>\$ 617,363</u>
<u>GENERAL REVENUES:</u>			
Property tax levied for:			
General purposes			
Management levy			
Capital outlay			
Income surtax			
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, as restated			
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
\$ (1,317,127)	\$ -	\$ (1,317,127)
(63,414)	-	(63,414)
<u>(463,661)</u>	<u>-</u>	<u>(463,661)</u>
<u>(1,844,202)</u>	<u>-</u>	<u>(1,844,202)</u>
(52,292)	-	(52,292)
(356,183)	-	(356,183)
(626,416)	-	(626,416)
(544,846)	-	(544,846)
<u>(321,931)</u>	<u>-</u>	<u>(321,931)</u>
<u>(1,901,668)</u>	<u>-</u>	<u>(1,901,668)</u>
-	-	-
(73,506)	-	(73,506)
<u>(355,443)</u>	<u>-</u>	<u>(355,443)</u>
<u>(428,949)</u>	<u>-</u>	<u>(428,949)</u>
<u>(4,174,819)</u>	<u>-</u>	<u>(4,174,819)</u>
-	-	-
-	32,869	32,869
-	32,869	32,869
<u>(4,174,819)</u>	<u>32,869</u>	<u>(4,141,950)</u>
1,289,035	-	1,289,035
232,421	-	232,421
222,569	-	222,569
109,843	-	109,843
377,338	-	377,338
2,281,303	-	2,281,303
9,797	654	10,451
<u>292,946</u>	<u>155</u>	<u>293,101</u>
<u>4,815,252</u>	<u>809</u>	<u>4,816,061</u>
640,433	33,678	674,111
<u>1,831,662</u>	<u>156,284</u>	<u>1,987,946</u>
\$ <u>2,472,095</u>	\$ <u>189,962</u>	\$ <u>2,662,057</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

<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	\$ 1,381,916	\$ 1,241,339	\$ 233,425	\$ 102,707	\$ 2,959,387
Receivables:					
Property tax:					
Delinquent	10,554	1,981	2,102	-	14,637
Succeeding year	1,225,149	215,685	130,001	-	1,570,835
Income surtax	45,593	-	-	-	45,593
Accounts	261,689	-	-	1,565	263,254
Due from other governments	<u>30,280</u>	<u>26,545</u>	<u>-</u>	<u>-</u>	<u>56,825</u>
TOTAL ASSETS	\$ <u>2,955,181</u>	\$ <u>1,485,550</u>	\$ <u>365,528</u>	\$ <u>104,272</u>	\$ <u>4,910,531</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
<u>LIABILITIES:</u>					
Accounts payable	\$ 88,657	\$ 3,455	\$ -	\$ 325	\$ 92,437
Salaries and benefits payable	388,894	-	-	-	388,894
Unearned revenue	42,379	-	-	-	42,379
Total liabilities	<u>519,930</u>	<u>3,455</u>	<u>-</u>	<u>325</u>	<u>523,710</u>
 <u>DEFERRED INFLOWS OF RESOURCES:</u>					
Unavailable revenues:					
Succeeding year property tax	1,225,149	215,685	130,001	-	1,570,835
Income surtax	45,593	-	-	-	45,593
Total deferred inflows of resources	<u>1,270,742</u>	<u>215,685</u>	<u>130,001</u>	<u>-</u>	<u>1,616,428</u>
 <u>FUND BALANCES:</u>					
Restricted for:					
Categorical funding	416,864	-	-	-	416,864
Management levy purposes	-	-	235,527	-	235,527
Student activities	-	-	-	103,947	103,947
School infrastructure	-	931,305	-	-	931,305
Physical plant and equipment	-	335,105	-	-	335,105
Unassigned	747,645	-	-	-	747,645
Total fund balances	<u>1,164,509</u>	<u>1,266,410</u>	<u>235,527</u>	<u>103,947</u>	<u>2,770,393</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>2,955,181</u>	\$ <u>1,485,550</u>	\$ <u>365,528</u>	\$ <u>104,272</u>	\$ <u>4,910,531</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

<u>TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS</u>	\$	2,770,393
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.		4,911,814
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.		45,593
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.		(3,076)
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	\$ 336,452	
Deferred inflows of resources	<u>(1,905,567)</u>	(1,569,115)
Long-term liabilities, including capital loan notes, note payable, revenue bonds payable, lease agreements 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>(3,683,514)</u>
<u>NET POSITION OF GOVERNMENTAL ACTIVITIES</u>	\$	<u>2,472,095</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>Capital Projects</u>	<u>Management</u>	<u>Nonmajor</u>	<u>Total</u>
REVENUES:					
Local sources:					
Local tax	\$ 1,288,794	\$ 221,250	\$ 232,415	\$ -	\$ 1,742,459
Tuition	814,367	-	-	-	814,367
Other	119,395	165,424	341	157,405	442,565
State sources	2,159,133	378,657	1,249	-	2,539,039
Federal sources	511,856	-	-	-	511,856
Total revenues	<u>4,893,545</u>	<u>765,331</u>	<u>234,005</u>	<u>157,405</u>	<u>6,050,286</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	2,133,881	-	25,470	142,487	2,301,838
Special	388,044	-	-	-	388,044
Other	540,884	-	-	11,045	551,929
	<u>3,062,809</u>	<u>-</u>	<u>25,470</u>	<u>153,532</u>	<u>3,241,811</u>
Support services:					
Student	61,517	-	-	-	61,517
Instructional staff	396,770	-	-	-	396,770
Administration	691,155	-	9,947	-	701,102
Operation and maintenance of plant	396,910	20,207	39,933	-	457,050
Transportation	136,415	142,500	7,912	-	286,827
	<u>1,682,767</u>	<u>162,707</u>	<u>57,792</u>	<u>-</u>	<u>1,903,266</u>
Capital outlay	<u>-</u>	<u>346,289</u>	<u>-</u>	<u>-</u>	<u>346,289</u>
Long-term debt:					
Principal	-	-	-	403,985	403,985
Interest and fiscal charges	-	-	-	72,534	72,534
	<u>-</u>	<u>-</u>	<u>-</u>	<u>476,519</u>	<u>476,519</u>
Other expenditures:					
AEA flowthrough	148,301	-	-	-	148,301
Total expenditures	<u>4,893,877</u>	<u>508,996</u>	<u>83,262</u>	<u>630,051</u>	<u>6,116,186</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(332)</u>	<u>256,335</u>	<u>150,743</u>	<u>(472,646)</u>	<u>(65,900)</u>
Other financing sources (uses):					
Transfer in	-	30,280	-	476,519	506,799
Transfer out	<u>(30,280)</u>	<u>(476,519)</u>	<u>-</u>	<u>-</u>	<u>(506,799)</u>
Total other financing sources (uses)	<u>(30,280)</u>	<u>(446,239)</u>	<u>-</u>	<u>476,519</u>	<u>-</u>
Change in fund balances	<u>(30,612)</u>	<u>(189,904)</u>	<u>150,743</u>	<u>3,873</u>	<u>(65,900)</u>
FUND BALANCES - Beginning 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>
FUND BALANCES - End of year	<u>\$ 1,164,509</u>	<u>\$ 1,266,410</u>	<u>\$ 235,527</u>	<u>\$ 103,947</u>	<u>\$ 2,770,393</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, 2022

CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (65,900)

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	\$ 271,617	
Depreciation expense	<u>(427,104)</u>	(155,487)

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. (71,944)

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 403,985

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. (972)

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. 263,720

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	221,483	
Total OPEB liability	<u>45,548</u>	<u>267,031</u>

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 640,433

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	<u>Enterprise School Nutrition</u>	<u>Total</u>
<u>ASSETS:</u>		
Cash, cash equivalents and pooled investments	\$ 196,394	\$ 196,394
Account receivable	665	665
Inventories	1,413	1,413
Capital assets, net of accumulated depreciation	<u>75,234</u>	<u>75,234</u>
TOTAL ASSETS	<u>273,706</u>	<u>273,706</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>		
Pension related deferred outflows	<u>2,922</u>	<u>2,922</u>
<u>LIABILITIES:</u>		
Current liabilities:		
Salaries and benefits payable	2,109	2,109
Accounts payable	14,234	14,234
Unearned revenue	<u>3,474</u>	<u>3,474</u>
Total current liabilities	<u>19,817</u>	<u>19,817</u>
Noncurrent liabilities:		
Net pension liability	1,026	1,026
Total OPEB liability	<u>2,878</u>	<u>2,878</u>
Total noncurrent liabilities	<u>3,904</u>	<u>3,904</u>
TOTAL LIABILITIES	<u>23,721</u>	<u>23,721</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>		
Pension related deferred inflows	<u>62,945</u>	<u>62,945</u>
<u>NET POSITION:</u>		
Net investment in capital assets	75,234	75,234
Unrestricted	<u>114,728</u>	<u>114,728</u>
TOTAL NET POSITION \$	<u>189,962</u>	<u>\$ 189,962</u>

See Notes to Financial Statements

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	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	\$ 11,050	\$ 12,811	\$ 23,861
Miscellaneous	155	-	155
Total operating revenues	<u>11,205</u>	<u>12,811</u>	<u>24,016</u>
<u>OPERATING EXPENSES:</u>			
Non-Instructional Programs:			
Operations:			
Salaries	83,047	10,942	93,989
Benefits	12,751	1,869	14,620
Services	746	-	746
Supplies	185,116	-	185,116
Other	149	-	149
Depreciation	13,169	-	13,169
Total operating expenses	<u>294,978</u>	<u>12,811</u>	<u>307,789</u>
	OPERATING LOSS	-	<u>(283,773)</u>
<u>NON-OPERATING REVENUES:</u>			
Interest income	654	-	654
State sources	1,712	-	1,712
Federal sources	315,085	-	315,085
TOTAL NON-OPERATING REVENUES	<u>317,451</u>	<u>-</u>	<u>317,451</u>
Change in net position	33,678	-	33,678
<u>NET POSITION</u> - Beginning of year	<u>156,284</u>	<u>-</u>	<u>156,284</u>
<u>NET POSITION</u> - End of year	\$ <u>189,962</u>	\$ <u>-</u>	\$ <u>189,962</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	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	\$ 21,765	\$ -	\$ 21,765
Cash received for miscellaneous sources	155	12,811	12,966
Cash payments to employees for services	(132,311)	(12,811)	(145,122)
Cash payments to suppliers for goods or services	(159,333)	-	(159,333)
NET CASH USED IN OPERATING ACTIVITIES	<u>(269,724)</u>	<u>-</u>	<u>(269,724)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>			
State grants received	1,712	-	1,712
Federal grants received	330,964	-	330,964
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>332,676</u>	<u>-</u>	<u>332,676</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest on investments	654	-	654
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>654</u>	<u>-</u>	<u>654</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition of capital assets	(14,870)	-	(14,870)
NET INCREASE IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS	48,736	-	48,736
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u> - Beginning of year	<u>147,658</u>	<u>-</u>	<u>147,658</u>
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u> - End of year	<u>\$ 196,394</u>	<u>\$ -</u>	<u>\$ 196,394</u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</u>			
Operating loss	\$ (283,773)	\$ -	\$ (283,773)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Commodities consumed	17,639	-	17,639
Depreciation	13,169	-	13,169
Decrease in inventories	(440)	-	(440)
Increase in accounts receivable	(12,977)	-	(12,977)
Increase in deferred outflows of resources	(859)	-	(859)
Decrease in salaries and benefits payable	2,623	-	2,623
Decrease in net pension liability	52,121	-	52,121
Increase in accounts payable	(8,599)	-	(8,599)
Decrease in deferred inflows of resources	(51,262)	-	(51,262)
Increase in unearned revenue	2,262	-	2,262
Decrease in total OPEB liability	372	-	372
Net cash used in operating activities	<u>\$ (269,724)</u>	<u>\$ -</u>	<u>\$ (269,724)</u>

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2022, the District received Federal commodities valued at \$17,639.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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 accounting principles generally accepted in the United States of America 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, 2022

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 non-major 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, 2022

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.

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, 2022

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, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2021.

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 (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) if purchased or constructed. Donated capital assets are recorded at 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
Right-to-use leased assets	5,000
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, 2022

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)

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Land improvements	20 years
Right-to-use leased equipment	2-15 years
Machinery and equipment	5-20 years

Leases –Winfield-Mt. Union Community School District is the lessee for a noncancellable lease of equipment. The District has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes leases with an initial, individual value of \$5,000 or more.

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

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

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

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the District is reasonably certain to exercise.

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension 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.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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)

Deferred Outflows of Resources (Continued)

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.

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 in the fund financial statements 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.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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)

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. During the year ended June 30, 2022, expenditures exceeded the amounts budgeted in the support services function.

NOTE 2: CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2022 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.

At June 30, 2022, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at amortized cost of \$419. 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, 2022 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt service	Capital Projects: PPEL Fund	\$ 476,519
Capital Projects: PPEL Fund	General Fund	<u>30,280</u>
		\$ <u>506,799</u>

The transfer from capital projects: physical, plant and equipment levy fund to the debt service fund was needed for debt repayment. The transfer from the general fund to the capital projects: physical, plant and equipment levy fund was needed for reimbursement for purchases that were intended for the general fund.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 was as follows:

	Restated Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 70,933	\$ -	\$ -	\$ 70,933
Construction in progress	<u>309,540</u>	<u>79,376</u>	<u>309,540</u>	<u>79,376</u>
Total capital assets not being depreciated	<u>380,473</u>	<u>79,376</u>	<u>309,540</u>	<u>150,309</u>
Capital assets being depreciated:				
Buildings	6,365,756	474,630	-	6,840,386
Land improvements	1,703,767	20,300	-	1,724,067
Machinery and equipment	2,098,296	6,850	50,578	2,054,568
Right-to-use leased equipment	<u>16,735</u>	<u>-</u>	<u>-</u>	<u>16,735</u>
Total capital assets being depreciated	<u>10,184,554</u>	<u>501,780</u>	<u>50,578</u>	<u>10,635,756</u>
Less accumulated depreciation for:				
Buildings	2,781,775	262,545	-	3,044,320
Land improvements	915,318	86,203	-	1,001,521
Machinery and equipment	1,800,632	71,661	50,578	1,748,183
Right-to-use leased equipment	<u>-</u>	<u>6,695</u>	<u>-</u>	<u>6,695</u>
Total accumulated depreciation	<u>5,497,725</u>	<u>427,104</u>	<u>50,578</u>	<u>5,874,251</u>
Total capital assets being depreciated, net	<u>4,686,829</u>	<u>74,676</u>	<u>-</u>	<u>4,761,505</u>
Governmental activities capital assets, net	\$ <u>5,067,302</u>	\$ <u>154,052</u>	\$ <u>309,540</u>	\$ <u>4,911,814</u>
Business-type activities:				
Machinery and equipment	\$ 262,477	\$ 14,870	\$ -	\$ 277,347
Less accumulated depreciation	<u>188,944</u>	<u>13,169</u>	<u>-</u>	<u>202,113</u>
Business-type activities capital assets, net	\$ <u>73,533</u>	\$ <u>1,701</u>	\$ <u>-</u>	\$ <u>75,234</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 3,702
Support services:	
Administration	6,695
Operation and maintenance of plant	26,006
Transportation	41,953
Unallocated depreciation	<u>348,748</u>
Total governmental activities depreciation expense	\$ <u>427,104</u>
Business-type activities:	
Food service operations	\$ <u>13,169</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 5: LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2022 are summarized as follows:

	Restated Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 2,125,000	-	\$ 220,000	\$ 1,905,000	\$ -
Capital loan notes	1,365,000	-	140,000	1,225,000	145,000
Lease agreements	16,735	-	6,611	10,124	6,716
Note payable	179,874	-	37,374	142,500	142,500
Net pension liability	2,511,963	-	2,463,465	48,498	-
Total OPEB liability	<u>397,940</u>	<u>-</u>	<u>45,548</u>	<u>352,392</u>	<u>-</u>
Total	\$ <u>6,596,512</u>	\$ <u>-</u>	\$ <u>2,912,998</u>	\$ <u>3,683,514</u>	\$ <u>294,216</u>
Business type activities:					
Net pension liability	\$ 53,147	-	\$ 52,121	\$ 1,026	\$ -
Total OPEB liability	<u>3,250</u>	<u>-</u>	<u>372</u>	<u>2,878</u>	<u>-</u>
Total	\$ <u>56,397</u>	\$ <u>-</u>	\$ <u>52,493</u>	\$ <u>3,904</u>	\$ <u>-</u>

Lease Agreements

In November 2018, the District entered into a lease agreement for copiers. An initial lease liability was recorded in the amount of \$16,735 per Accounting Change/Restatement Note 13. The agreement requires monthly payments of \$571 over five years with an incremental borrowing rate of 2.00% and final payment due October 2023. During the year ended June 30, 2022 principal and interest paid were \$6,611 and \$246 respectively. Future principal and interest payments are due on the lease liabilities, as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2023	2.00 %	\$ 6,727	\$ 130	\$ 6,857
2024	2.00	<u>3,397</u>	<u>13</u>	<u>3,410</u>
Totals		\$ <u>10,124</u>	\$ <u>143</u>	\$ <u>7,267</u>

Revenue Bonds

Details of the District's June 30, 2022 statewide sales, services and use tax revenue bonded indebtedness are as follows:

<u>Bond dated October 1, 2019</u>				
Year Ending June 30,	Interest Rate	Principal	Interest	Total
2023	2.00 %	-	\$ 44,650	\$ 44,650
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	2.00	235,000	26,800	261,350
2028-2030	2.00	<u>990,000</u>	<u>62,250</u>	<u>1,052,250</u>
Total		\$ <u>1,905,000</u>	\$ <u>241,200</u>	\$ <u>2,146,200</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 5: LONG-TERM LIABILITIES (Continued)

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 \$2,146,200. For the current year, \$220,000 went to principal and \$42,500 in interest paid on the bonds and total statewide sales, services and use tax revenues were \$377,338.

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, 2022, 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 \$1,329,155. For the current year, there was \$140,000 of principal and \$25,252 of interest paid on the notes. Details of the District's indebtedness under the agreements in effect at June 30, 2022 are as follows:

Year Ending <u>June 30,</u>	Interest <u>Rate</u>	Capital Loan Note Dated October 9, 2019		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1.85	155,000	11,748	166,748
2028-2030	1.85	<u>480,000</u>	<u>17,945</u>	<u>497,945</u>
Total		\$ <u>1,225,000</u>	\$ <u>104,155</u>	\$ <u>1,329,155</u>

Note Payable

During the year ended June 30, 2019, the District entered into a note payable with a bank to purchase three buses. The notes are payable from the Capital projects: Statewide sales, services and use tax fund. The total principal and interest remaining to be paid on the note is \$146,063. For the current year, there was \$37,374 of principal and \$4,535 of interest paid on the note. Details of the District's indebtedness under the agreement in effect at June 30, 2022 are as follows:

Year Ending <u>June 30,</u>	Interest <u>Rate</u>	Note Payable Dated September 6, 2019		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023		\$ <u>142,500</u>	\$ <u>3,563</u>	\$ <u>146,063</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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.

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 2022, 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, 2022 totaled \$269,300.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 6: PENSION PLAN – IPERS (Continued)

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

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the District reported a liability of \$49,524 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the District's proportion was .035326%, which was a decrease of .001446% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$208,123. At June 30, 2022, 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	\$ 37,681	\$ 37,834
Changes of assumptions	32,393	-
Net difference between projected and actual earnings on IPERS' investments	-	1,794,328
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	-	136,350
District contributions subsequent to the measurement date	<u>269,300</u>	<u>-</u>
Total	\$ <u>339,374</u>	\$ <u>1,968,512</u>

\$269,300 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, 2023. 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>
2023	\$	(474,673)
2024		(472,521)
2025		(437,959)
2026		(509,954)
2027		<u>(3,340)</u>
	\$	<u>(1,898,438)</u>

There were no non-employer contributing entities at IPERS.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 6: PENSION PLAN – IPERS (Continued)

Actuarial Assumptions (Continued)

Actuarial Assumptions – The total pension liability in the June 30, 2021 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, 2022)	3.25% per annum.
Rates of salary increase (effective June 30, 2022)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2022)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2022)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2021 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 2021 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:

<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	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0</u> %	

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

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 6: PENSION PLAN – IPERS (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, 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% lower (6.0%) or 1% higher (8.0%) than the current rate.

	1% Decrease <u>(6.0%)</u>	Discount Rate <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
District's proportionate share of the net pension liability	\$ <u>1,752,810</u>	\$ <u>49,524</u>	\$ <u>(1,377,938)</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, 2022, 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.

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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	<u>60</u>
Total	<u>60</u>

Total OPEB Liability – The District's total OPEB liability of \$355,270 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2022 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, 2022)	2.25% per annum.
Rates of salary increase (effective June 30, 2022)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2022)	3.69% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	8.00% initial rate changing over future years annually to a rate of 5.00% after 2038.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

Discount Rate – The discount rate used to measure the total OPEB liability was 3.69% 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, 2022 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>	
Total OPEB liability beginning of year	\$	401,190
Changes for the year:		
Service cost		36,049
Interest		8,285
Changes in assumptions		(75,795)
Benefit payments		(11,411)
Net changes		(45,920)
Total OPEB liability end of year	\$	<u>355,270</u>

Changes of assumptions reflect a change in the discount rate from 1.92% in fiscal year 2021 to 3.69% in fiscal year 2022.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.69%) or 1% higher (4.69%) than the current discount rate.

	1% Decrease <u>(2.69%)</u>	Discount Rate <u>(3.69%)</u>	1% Increase <u>(4.69%)</u>
Total OPEB liability	\$ <u>387,040</u>	\$ <u>355,270</u>	\$ <u>326,030</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 (5.70%) or 1% higher (7.70%) than the current healthcare cost trend rates.

	1% Decrease <u>(5.70%)</u>	Healthcare Cost Trend Rate <u>(6.70%)</u>	1% Increase <u>(7.70%)</u>
Total OPEB liability	\$ <u>311,516</u>	\$ <u>355,270</u>	\$ <u>407,841</u>

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2022, the District recognized OPEB expense of \$34,509. 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, 2022

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, 2022 were \$344,726.

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 \$148,301 for the year ended June 30, 2022 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, 2022:

<u>Program</u>	<u>Amount</u>
LEP weighting	\$ 15,385
Gifted and talented	43,039
Teacher leadership state aid	176,864
Preschool state aid	96,777
Teacher salary supplement	15,691
Successful progression for early readers	19,034
Professional development	<u>50,074</u>
Total	\$ <u>416,864</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 2022.

NOTE 12: CONSTRUCTION COMMITMENT

The District has entered into contracts totaling \$364,313 for architect and engineering services related to future construction projects. As of June 30, 2022, costs of \$79,376 had been incurred against the contract and recorded as construction in progress.

NOTE 13: ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board has issued Statement No. 87, Leases, which as implemented during fiscal year 2022. The new requirements require the reporting of certain lease liabilities which were previous not reported. The result of these changes had no effect on the beginning net position. In addition, it was determined during the year-ended June 30, 2022 that there was a previously unrecorded note payable and related capital asset for a bus purchase that occurred prior to June 30, 2021. The result of these changes increased beginning net position by \$2,277, and are reflected in the table below.

	<u>Capital Assets</u>		<u>Long-term Liabilities Lease Agreements</u>	<u>Long-term Liabilities Note Payable</u>
Balances June 30, 2021, as previously reported	\$ 4,868,416	\$ -	\$ -	\$ -
Change to implement GASB No. 87	16,735		16,735	-
Change to record note payable and bus assets	<u>182,151</u>		<u>-</u>	<u>179,874</u>
Balances July 1, 2021, as restated	\$ <u>5,067,302</u>	\$	<u>16,735</u>	<u>179,874</u>

NOTE 14: SUBSEQUENT EVENTS

The District has evaluated subsequent events through _____, 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, 2022

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Total <u>Actual</u>
<u>REVENUES:</u>			
Local sources	\$ 2,999,391	\$ 24,670	\$ 3,024,061
State sources	2,539,039	1,712	2,540,751
Federal sources	<u>511,856</u>	<u>315,085</u>	<u>826,941</u>
Total revenues	<u>6,050,286</u>	<u>341,467</u>	<u>6,391,753</u>
<u>EXPENDITURES/EXPENSES:</u>			
Instruction	3,241,811	-	3,241,811
Support services	1,903,266	-	1,903,266
Non-instructional programs	-	307,789	307,789
Other expenditures	<u>971,109</u>	<u>-</u>	<u>971,109</u>
Total expenditures/expenses	<u>6,116,186</u>	<u>307,789</u>	<u>6,423,975</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(65,900)	33,678	(32,222)
Other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(65,900)	33,678	(32,222)
<u>BALANCE</u> - Beginning of year	<u>2,836,293</u>	<u>156,284</u>	<u>2,992,577</u>
<u>BALANCE</u> - End of year	\$ <u>2,770,393</u>	\$ <u>189,962</u>	\$ <u>2,960,355</u>

<u>Budgeted</u> <u>Amounts</u>		
<u>Original/Final</u>		<u>Original/Final to</u> <u>Actual Variance</u>
\$ 2,935,484	\$	88,577
2,464,668		76,083
578,691		248,250
<u>5,978,843</u>		<u>412,910</u>
3,745,983		504,172
1,881,909		(21,357)
376,749		68,960
<u>1,548,098</u>		<u>576,989</u>
<u>7,552,739</u>		<u>1,128,764</u>
(1,573,896)		1,541,674
<u>60,000</u>		<u>(60,000)</u>
(1,513,896)		1,481,674
<u>1,730,151</u>		<u>1,804,766</u>
\$ <u>216,255</u>	\$	<u>3,286,440</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY REPORTING

YEAR ENDED JUNE 30, 2022

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.

During the year ended June 30, 2022, expenditures in the support services function exceeded the amounts budgeted.

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 EIGHT FISCAL YEARS*

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2022</u>		<u>2021</u>
District's proportion of the net pension liability	0.035326	%	0.036772 %
District's proportionate share of the net pension liability	\$ 49,524	\$	2,565,110
District's covered payroll	\$ 2,890,884	\$	2,894,672
District's proportionate share of the net pension liability as a percentage of its covered payroll	1.71	%	88.61 %
IPERS' net position as a percentage of the total pension liability	100.81	%	82.90 %

* 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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.038032 %	0.038262 %	0.038278 %	0.038901 %	0.038512 %	0.03690 %
\$ 2,217,104	\$ 2,420,453	\$ 2,549,773	\$ 2,448,174	\$ 1,902,679	\$ 1,574,056
\$ 2,913,835	\$ 2,874,828	\$ 2,856,496	\$ 2,791,691	\$ 2,638,421	\$ 2,595,424
76.59 %	84.19 %	89.26 %	87.70 %	72.11 %	60.65 %
85.45 %	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>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily required contribution	\$ 269,300	\$ 267,477	\$ 273,257
Contributions in relation to the statutorily required contribution	<u>(269,300)</u>	<u>(267,477)</u>	<u>(273,257)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 2,890,884	\$ 2,833,443	\$ 2,894,672
Contributions as a percentage of covered payroll	9.44 %	9.44 %	9.44 %

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$	275,066	\$ 256,723	\$ 255,085	\$ 249,298	\$ 235,611	\$ 231,774	\$ 220,513
	<u>(275,066)</u>	<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>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$	2,913,835	\$ 2,874,828	\$ 2,856,496	\$ 2,791,691	\$ 2,638,421	\$ 2,595,454	\$ 2,543,403
	9.44 %	8.93 %	8.93 %	8.93 %	8.93 %	8.67 %	8.07 %

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

YEAR ENDED JUNE 30, 2022

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 FIVE YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 36,049	\$ 31,043	\$ 77,138	\$ 75,257	\$ 78,148
Interest cost	8,285	9,313	20,770	15,892	15,268
Change in assumptions	(78,843)	17,147	(375,564)	72,212	68
Benefit payments	<u>(11,411)</u>	<u>(10,792)</u>	<u>(31,452)</u>	<u>(7,512)</u>	<u>(7,512)</u>
Net change in total OPEB liability	(45,920)	46,711	(309,108)	155,849	85,972
Total OPEB liability, beginning of year	<u>401,190</u>	<u>354,479</u>	<u>663,587</u>	<u>507,738</u>	<u>421,766</u>
Total OPEB liability end of year	\$ <u>355,270</u>	\$ <u>401,190</u>	\$ <u>354,479</u>	\$ <u>663,587</u>	\$ <u>507,738</u>
Covered payroll	\$ 2,545,379	\$ 2,607,000	\$ 2,764,000	\$ 2,995,000	\$ 3,670,000
Total OPEB liability as a percentage of covered payroll	13.96%	15.39%	12.82%	13.83%	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

Year ended June 30, 2022	3.69 %
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 %

SUPPLEMENTARY INFORMATION

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUND
JUNE 30, 2022

	Special Revenue Student Activity	Total Non-Major Governmental Fund
<u>ASSETS:</u>		
Cash, cash equivalents and pooled investments	\$ 102,707	\$ 102,707
Accounts receivable	<u>1,565</u>	<u>1,565</u>
TOTAL ASSETS	\$ <u>104,272</u>	\$ <u>104,272</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES:</u>		
Accounts Payable	\$ <u>325</u>	\$ <u>325</u>
<u>FUND BALANCES:</u>		
Restricted for:		
Student activities	<u>103,947</u>	<u>103,947</u>
Total fund balances	<u>103,947</u>	<u>103,947</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>104,272</u>	\$ <u>104,272</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2022

	Special Revenue Student Activity	Debt Service	Total Non-Major Governmental Funds
REVENUES:			
Local sources:			
Other	\$ 157,405	\$ -	\$ 157,405
Total revenues	<u>157,405</u>	<u>-</u>	<u>157,405</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	142,487	-	142,487
Other	11,045	-	11,045
Long-term debt:			
Principal	-	403,985	403,985
Interest and fiscal charges	-	72,534	72,534
Total expenditures	<u>153,532</u>	<u>476,519</u>	<u>630,051</u>
Excess (deficiency) of revenues over (under) expenditures	3,873	(476,519)	(472,646)
Other financing sources:			
Transfer in	<u>-</u>	<u>476,519</u>	<u>476,519</u>
Change in fund balances	<u>3,873</u>	<u>-</u>	<u>3,873</u>
FUND BALANCES - Beginning of year	<u>100,074</u>	<u>-</u>	<u>100,074</u>
FUND BALANCES - End of year	<u>\$ 103,947</u>	<u>\$ -</u>	<u>\$ 103,947</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND ACCOUNTS
JUNE 30, 2022

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<u>ASSETS:</u>			
Cash, cash equivalents and pooled investments	\$ 904,760	\$ 336,579	\$ 1,241,339
Receivables:			
Property tax:			
Delinquent	-	1,981	1,981
Succeeding year	-	215,685	215,685
Due from other governments	26,545	-	26,545
TOTAL ASSETS	\$ 931,305	\$ 554,245	\$ 1,485,550
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ -	\$ 3,455	\$ 3,455
TOTAL LIABILITIES	-	3,455	3,455
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable revenues:			
Succeeding year property tax	\$ -	\$ 215,685	\$ 215,685
<u>FUND BALANCES:</u>			
Restricted for:			
School infrastructure	931,305	-	931,305
Physical plant and equipment	-	335,105	335,105
TOTAL FUND BALANCES	931,305	335,105	1,266,410
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 931,305	\$ 554,245	\$ 1,485,550

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND ACCOUNTS
YEAR ENDED JUNE 30, 2022

	<u>Capital Projects</u>		<u>Total</u>
	<u>Statewide</u> <u>Sales, Services</u> <u>and Use Tax</u>	<u>Physical</u> <u>Plant and</u> <u>Equipment</u> <u>Levy</u>	
Revenues:			
Local sources:			
Local tax	\$ -	\$ 221,250	\$ 221,250
Other	161,293	4,131	165,424
State sources	<u>377,338</u>	<u>1,319</u>	<u>378,657</u>
Total revenues	<u>538,631</u>	<u>226,700</u>	<u>765,331</u>
Expenditures:			
Current:			
Support services:			
Operation of maintenance and plant	20,207	-	20,207
Transportation	142,500	-	142,500
Capital outlay	<u>12,413</u>	<u>333,876</u>	<u>346,289</u>
Total expenditures	<u>175,120</u>	<u>333,876</u>	<u>508,996</u>
Excess (deficiency) of revenues over (under) expenditures	<u>363,511</u>	<u>(107,176)</u>	<u>256,335</u>
Other financing sources (uses):			
Transfer in	-	30,280	30,280
Transfer out	<u>(48,766)</u>	<u>(427,753)</u>	<u>(476,519)</u>
Total other financing sources (uses)	<u>(48,766)</u>	<u>(397,473)</u>	<u>(446,239)</u>
Change in fund balances	314,745	(504,649)	(189,904)
<u>FUND BALANCES</u> - Beginning of year	<u>616,560</u>	<u>839,754</u>	<u>1,456,314</u>
<u>FUND BALANCES</u> - End of year	\$ <u>931,305</u>	\$ <u>335,105</u>	\$ <u>1,266,410</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND -
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2022

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
Drama	\$ 22,199	\$ 27,770	\$ 35,447	\$ 14,522
Speech	-	-	-	-
Vocal	3,018	1,562	2,485	2,095
Band	1,555	10,491	8,780	3,266
Basketball	37,992	11,169	11,166	37,995
Coed track	151	12,209	12,360	-
XC fund	986	2,087	1,704	1,369
Golf	217	-	217	-
Basketball-boys in/out	1,602	1,155	808	1,949
Football	1,162	10,051	11,213	-
Baseball	265	5,523	5,492	296
HS wrestling	134	794	912	16
Basketball-girls in/out	868	1,669	664	1,873
Volleyball	4,409	6,664	6,666	4,407
Softball	4,363	4,765	4,775	4,353
Pep	4,764	780	3,478	2,066
Art	279	3,681	1,110	2,850
Spanish	255	-	-	255
Wolves care	1,087	-	-	1,087
NHS	805	3,235	2,670	1,370
WMU catering	1,906	1,349	1,515	1,740
Yearbook	4,859	5,180	2,485	7,554
Student council	745	5,280	4,700	1,325
FFA	750	1,980	2,128	602
Europe club	240	-	-	240
WMU camp courageous	-	1,086	1,076	10
Concession	1,705	26,154	22,712	5,147
Class of 2021	2,164	-	-	2,164
Class of 2022	1,549	4,288	4,716	1,121
Class of 2023	45	8,483	4,253	4,275
Total	\$ 100,074	\$ 157,405	\$ 153,532	\$ 103,947

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	\$ 1,742,459	\$ 1,463,406	\$ 1,558,717	\$ 1,582,904
Tuition	814,367	865,889	663,059	655,352
Other	442,565	164,434	196,237	272,667
State sources	2,539,039	2,659,467	2,460,357	2,687,272
Federal sources	<u>511,856</u>	<u>160,588</u>	<u>151,641</u>	<u>139,217</u>
Total	\$ <u>6,050,286</u>	\$ <u>5,313,784</u>	\$ <u>5,030,011</u>	\$ <u>5,337,412</u>
Expenditures:				
Instruction:				
Regular	\$ 2,301,838	\$ 2,054,246	\$ 2,103,440	\$ 2,175,299
Special	388,044	423,531	388,613	382,816
Other	551,929	712,296	669,276	734,335
Support services:				
Student	61,517	56,094	64,483	63,995
Instructional staff	396,770	296,421	324,271	129,473
Administration	701,102	622,018	607,973	931,302
Operation and maintenance of plant	457,050	349,852	382,613	374,102
Transportation	286,827	131,625	134,861	139,858
Capital outlay	346,289	225,902	207,114	167,883
Long term debt:				
Principal	403,985	276,629	270,630	215,000
Interest and fiscal charges	72,534	37,620	45,189	47,792
Other expenditures:				
AEA flow-through	<u>148,301</u>	<u>150,734</u>	<u>147,736</u>	<u>151,427</u>
Total	\$ <u>6,116,186</u>	\$ <u>5,336,968</u>	\$ <u>5,346,199</u>	\$ <u>5,513,282</u>

See Accompanying Independent Auditor's Report

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>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

	<u>Assistance Living Number</u>	<u>Entity Identifying Number</u>	<u>Expenditures</u>
GRANTOR/PROGRAM:			
<u>INDIRECT:</u>			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School breakfast program	10.553	FY23	\$ 49,805
National school lunch program	10.555	FY24	254,962 *
Summer food service program for children	10.559	FY22	10,319
			<u>315,086</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I grants to local educational agencies	84.010	FY22	<u>94,698</u>
Supporting Effective Instruction	84.367	FY22	<u>9,897</u>
Title IV student support and academic enrichment program	84.424	FY22	<u>10,000</u>
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act (CARES) Cluster:			
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425U	FY22	96,419
COVID-19 Elementary and Secondary Schools Relief (ESSER) Funds	84.425D	FY22	<u>200,567</u>
Total Education Stabilization Fund			<u>296,986</u>
Career and Technical Education	84.048	FY22	<u>22,995</u>
Rural Education (REAP)	84.358	FY22	<u>25,735</u>
Pandemic EBT Administrative Costs	32.009	FY22	<u>64,680</u>
ARP Special Education - Grants to States	84.027X	FY22	<u>2,482</u>
Special Education - Grants to States	84.027	FY22	<u>16,083</u>
Child Care Development Block Grants	93.575	FY22	<u>9,000</u>
Total			<u>\$ 867,642</u>

* - Includes \$17,639 of non-cash awards.

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Winfield-Mt. Union Community School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Winfield-Mt. Union Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Winfield-Mt. Union Community School District.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized in the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate - Winfield-Mt. Union Community School District did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See Accompanying Independent Auditor's Report

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

To the Board of Education 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, 2022, 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 _____.

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 and Questioned Costs, 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 II of the accompanying Schedule of Findings and Questioned Costs as item II-A-22 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.

Report on 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 IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2022 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

Government Auditing Standards requires the auditor to perform limited procedure on Winfield-Mt. Union Community School District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Winfield-Mt. Union Community School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Ottumwa, Iowa

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

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

Report on Compliance for Each Major Federal Program

Opinion on each Major Federal Program

We have audited the Winfield-Mt. Union Community School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on Winfield-Mt. Union Community School District's major federal program for the year ended June 30, 2022. Winfield-Mt. Union Community School District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Winfield-Mt. Union Community School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations; Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Winfield-Mt. Union Community School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relation to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Winfield-Mt. Union Community School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Winfield-Mt. Union Community School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Winfield-Mt. Union Community School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgment made by a reasonable user of the report on compliance about Winfield-Mt. Union Community School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Winfield-Mt. Union Community School District's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in any circumstance.
- Obtain an understanding of Winfield-Mt. Union Community School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Winfield-Mt. Union Community School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which is required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as identified above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Winfield-Mt. Union Community School District's response to the internal control over compliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. Winfield-Mt. Union Community School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

ANDERSON, LARKIN & CO., P.C.

Ottumwa, Iowa
November 9, 2022

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

PART I: SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS:

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A material weaknesses in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose any findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516(a).
- (g) Major programs were as follows:
 - Child Nutrition Cluster
 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act (CARES) Cluster
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Winfield-Mt. Union Community School District did not qualify as a low-risk auditee.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

INTERNAL CONTROL DEFICIENCIES:

II-A-22 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.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS: (Continued)

INTERNAL CONTROL DEFICIENCIES: (Continued)

II-A-22 Segregation of Duties (Continued)

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 III: FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

PART IV: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

IV-A-22 Certified Budget – Expenditures for the year ended June 30, 2022 exceeded the amended certified budget amounts in the support services function.

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

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

Conclusion – Response accepted.

IV-B-22 Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in Article IVI, Section 31 of the Iowa Constitution and an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-22 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.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

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

- IV-D-22 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-22 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.
- IV-F-22 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.
- IV-G-22 Board Minutes – We noted no transactions requiring Board approval which have not been approved by the Board.
- IV-H-22 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-I-22 Supplementary Weighting – No variances were noted in the supplementary weighting data certified to the Iowa Department of Education.
- IV-J-22 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.
- IV-K-22 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-L-22 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-M-22 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, 2022, 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		\$	616,560
Revenues/transfer in:			
Sales tax revenues	\$	377,338	
Other local revenues		<u>161,293</u>	538,631
			<u>1,155,191</u>
 Expenditures/transfer out:			
Capital outlay		12,413	
Support services		162,707	
Transfer out		<u>48,766</u>	<u>223,886</u>
Ending balance		\$	<u>931,305</u>

For the year ended June 30, 2022, the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.