

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

JUNE 30, 2023

WINTERSET COMMUNITY SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2023

	<u>Page</u>
<u>Officials</u>	1
<u>Independent Auditor's Report</u>	2-4
<u>Management's Discussion and Analysis</u>	5-13
<u>Basic Financial Statements:</u>	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	A 14
Statement of Activities	B 15-16
Governmental Fund Financial Statements:	
Balance Sheet	C 17
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D 18
Statement of Revenues, Expenditures and Changes in Fund Balances	E 19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F 20
Proprietary Funds Financial Statements:	
Statement of Net Position	G 21
Statement of Revenues, Expenses and Changes in Fund Net Position	H 22
Statement of Cash Flows	I 23
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	J 24
Statement of Changes in Fiduciary Net Position	K 25
Notes to Financial Statements	26-45
<u>Required Supplementary Information:</u>	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Funds	46-47
Notes to Required Supplementary Information – Budgetary Reporting	48
Schedule of the District's Proportionate Share of the Net Pension Liability	49-50
Schedule of District Contributions	51-52
Notes to Required Supplementary Information – Pension Liability	53
Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes	54
<u>Supplementary Information:</u>	<u>Schedule</u>
Non-major Governmental Fund:	
Balance Sheet	1 55
Schedule of Revenues, Expenditures and Changes in Fund Balances	2 56
Capital Project Funds:	
Combining Balance Sheet	3 57
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	4 58
Schedule of Changes in Special Revenue Fund - Student Activity Accounts	5 59-60
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	6 61-62
Schedule of Expenditures of Federal Awards	7 63
<u>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</u>	64-65
<u>Independent Auditor's Report on Compliance for Each Major Federal Program and On Internal Control over Compliance Required by the Uniform Guidance</u>	66-68
<u>Schedule of Findings and Questioned Costs</u>	69-71

WINTERSET COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Jared McDonald	President	2025
Julie Knobloch	Vice President	2023
James Olson	Board Member	2023
Malcolm Cortner	Board Member	2025
Kirk Macumber	Board Member	2023
<u>School District Officials</u>		
Justin Gross	Superintendent	Indefinite
Cammy Leners	Business Manager/Board Secretary	Indefinite
Ahlers Law Firm	Attorney	Indefinite



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

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

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Winterset 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 Winterset Community School District, Winterset, Iowa, as of and for the year ended June 30, 2023, 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 Winterset Community School District at June 30, 2023, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

#### **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 Winterset 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.

#### **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 Winterset Community School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists.



The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Winterset Community School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Winterset 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, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 13 and 46 through 54 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 with 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 Winterset 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, 2022 (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, 2019 (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 November 20, 2023 on our consideration of Winterset 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 Winterset Community School District's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO., P.C.

*Anderson, Larkin, & Co., P.C.*

Ottumwa, Iowa  
November 20, 2023

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

Winterset 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, 2023. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2023 FINANCIAL HIGHLIGHTS

- The District showed an increase of \$5,009,822 or 23.5% in net position for governmental activities for the year ending June 30, 2023.
- The District applied for all eligible SBRC spending authority. At June 30, 2023, the authorized unspent balance (also known as spending authority) of \$8,134,837 exceeded the General Fund balance of \$6,054,979 by \$2,079,858.
- Financial solvency ratio is a measure of the financial health of a School District used to determine the District's ability to fund outstanding financial liabilities at fiscal year-end. A targeted solvency ratio of 10%-15% is recommended. At June 30, 2023 the District's solvency ratio was 28.27%.
- The District's General Fund total revenues exceeded total expenditures by \$1,255,730.

### 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 Winterset Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental and business-type activities services were financed in the short term as well as what remains for future spending. Fund financial statements report 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 Winterset Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the district.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

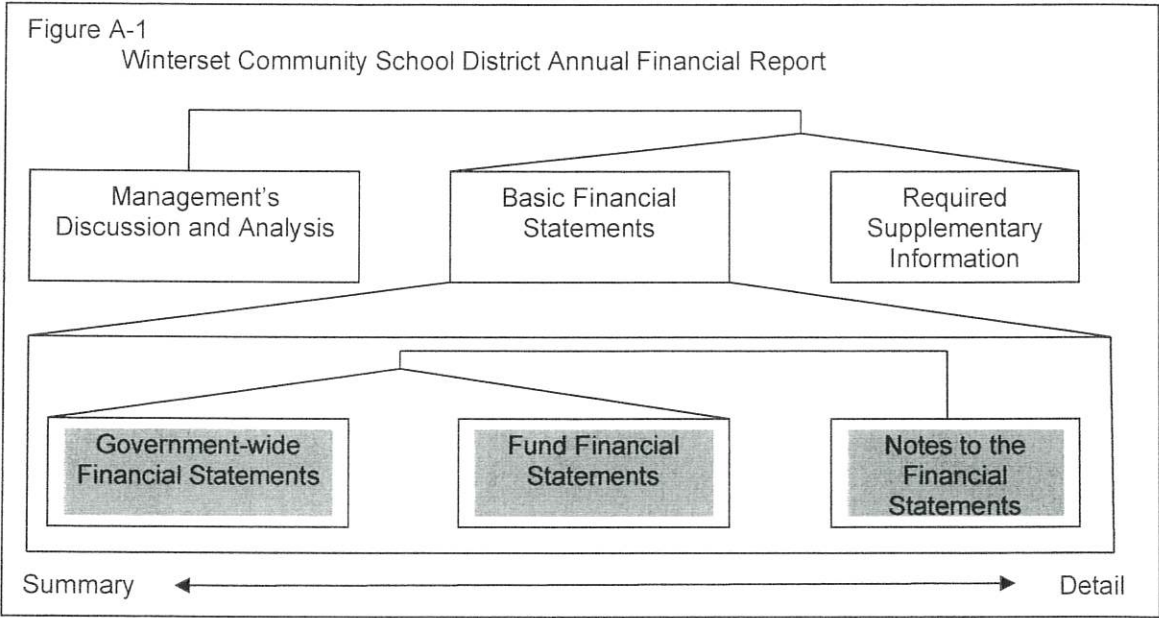




Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major features of the Government-Wide and Fund Financial Statements				
	Government-wide statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of fund balance that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/Acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid
Common names of district funds included	All funds with the exception of scholarship funds	General, PPEL, management, student activity, debt service, capital projects	Nutrition fund	Special projects

## Reporting the District's Financial Activities

### *Government-Wide Financial Statements*

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

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

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

- *Governmental activities:* Most of the District's 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 is included here.

#### *Fund Financial Statements*

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

Some funds are required by state law and by bond covenants. The District 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 three kinds of funds:

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

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

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business-type activities but provides more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund. Internal Service Funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for other District programs and activities. The District's Internal Service Fund is used to account for health insurance.

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

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for the assets that belong to others. These funds include the Private Purpose Trust and Custodial Funds, as follows:
  - Private Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund. There are currently 9 scholarship trust funds: Harpole, Hendricks, See, Smith, Dorrell, McGuinness, Newton, Stowell, and McDonald.
  - Custodial Fund – These are funds for which the District administers and accounts for certain federal and/or state grants as a fiscal agent.



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

The required financial statements for Fiduciary funds include a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position on June 30, 2023 compared to June 30, 2022.

Figure A-3  
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total District		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2022- 2023</u>	
Current and other assets	\$ 28,273,026	\$ 26,652,940	\$ 966,636	\$ 829,494	\$ 29,239,662	\$ 27,482,434	6.4	%
Capital assets	<u>40,939,620</u>	<u>41,547,041</u>	<u>316,794</u>	<u>300,988</u>	<u>41,256,414</u>	<u>41,848,029</u>	(1.4)	
Total assets	<u>69,212,646</u>	<u>68,199,981</u>	<u>1,283,430</u>	<u>1,130,482</u>	<u>70,496,076</u>	<u>69,330,463</u>	1.7	
Deferred outflows of resources	<u>1,747,636</u>	<u>1,849,965</u>	<u>-</u>	<u>-</u>	<u>1,747,636</u>	<u>1,849,865</u>	(5.5)	
Other liabilities	4,012,287	4,646,210	21,472	39,078	4,123,759	4,685,288	(11.98)	
Long-term liabilities	<u>28,106,751</u>	<u>24,319,778</u>	<u>-</u>	<u>-</u>	<u>28,106,751</u>	<u>24,319,778</u>	15.6	
Total liabilities	<u>32,209,038</u>	<u>28,965,988</u>	<u>21,472</u>	<u>39,078</u>	<u>32,230,510</u>	<u>29,005,066</u>	11.1	
Deferred inflows of resources	<u>12,417,390</u>	<u>19,759,826</u>	<u>-</u>	<u>-</u>	<u>12,417,390</u>	<u>19,759,826</u>	(37.2)	
Net position:								
Net investment in capital assets	18,584,803	16,665,018	316,794	300,988	18,901,597	16,966,006	11.4	
Restricted	8,384,228	8,093,079	-	-	8,384,228	8,093,079	3.6	
Unrestricted	<u>(635,177)</u>	<u>(3,434,065)</u>	<u>945,164</u>	<u>790,416</u>	<u>309,987</u>	<u>(2,643,649)</u>	111.7	
Total net position	\$ <u>26,333,854</u>	\$ <u>21,324,032</u>	\$ <u>1,261,958</u>	\$ <u>1,091,404</u>	\$ <u>27,595,812</u>	\$ <u>22,415,436</u>	23.1	%

The District's total net position increased by 23.1%, or \$5,180,376, from the prior year.

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

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$291,149, or 3.6% from the prior year primarily due to the decrease in expenditures in the PPEL fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased \$2,953,636, or 111.7%. This increase in unrestricted net position was primarily due to a decrease in the District's net pension liabilities and deferred inflows/outflows, as well as revenues exceeding expenses in the General Fund.

Figure A-4 shows the change in net position for the year ended June 30, 2023 compared to the year ended June 30, 2022.

Figure A-4 Change in Net Position								
	Governmental Activities		Business-Type Activities		Total District		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2023	2022	2023	2022	2023	2022	2022- 2023	
Revenues								
Program revenues:								
Charges for services	\$ 981,339	\$ 751,025	\$ 450,368	\$ 54,013	\$ 1,431,707	\$ 805,038	77.8	%
Operating grants, contributions and restricted interest	1,717,969	1,504,671	561,415	1,040,003	2,279,384	2,544,674	(10.4)	
General revenues:								
Property tax	11,462,823	10,905,774	-	-	11,462,823	10,905,774	5.1	
Statewide sales, services and use tax	2,325,048	2,018,754	-	-	2,325,048	2,018,754	15.2	
Unrestricted state grants	12,100,217	12,361,396	-	-	12,100,217	12,361,396	(2.1)	
Unrestricted investment earnings	408,029	15,575	25,560	526	433,589	16,101	2592.9	
Other	<u>374,452</u>	<u>357,057</u>	<u>1,000</u>	<u>134</u>	<u>375,452</u>	<u>357,191</u>	5.1	
Total revenues	<u>29,369,877</u>	<u>27,914,252</u>	<u>1,038,343</u>	<u>1,094,676</u>	<u>30,408,220</u>	<u>29,008,928</u>	4.8	
Program expenses:								
Instruction	13,012,887	12,672,734	-	-	13,012,887	12,672,734	2.7	
Support services	7,411,108	7,327,075	-	-	7,411,108	7,327,075	1.1	
Non-instructional programs	-	115,731	867,789	839,397	867,789	955,128	(9.1)	
Other expenses	<u>3,936,060</u>	<u>3,452,063</u>	<u>-</u>	<u>-</u>	<u>3,936,060</u>	<u>3,452,063</u>	14.0	
Total expenses	<u>24,360,055</u>	<u>23,567,603</u>	<u>867,789</u>	<u>839,397</u>	<u>25,227,884</u>	<u>24,407,000</u>	3.4	
Change in net position	\$ <u>5,009,822</u>	\$ <u>4,346,649</u>	\$ <u>170,554</u>	\$ <u>255,279</u>	\$ <u>5,180,336</u>	\$ <u>4,601,928</u>	12.6	%

In the fiscal year 2023, property tax, statewide sales, services and use tax and unrestricted state grants accounted for 88.1% of governmental activities revenue while charges for services and operating grants, contributions and restricted interest accounted for 97.4% of the revenue of the business-type activities.

The District's total revenues were approximately \$30.4 million, of which approximately \$29.3 million was for governmental activities and approximately \$1.1 million was for business-type activities.

As shown in Figure A-4, the District as a whole experienced a 4.8% increase in revenues and a 3.4% increase in expenses.

#### Governmental Activities

Revenues for governmental activities were \$29,369,877 and expenses were \$24,360,055 for the year ended June 30, 2023.

- The cost financed by users of the District's programs was \$981,339.
- Federal and state government subsidized certain programs with grants and capital contributions totaling \$1,717,969.
- The net cost of governmental activities was financed with \$11,462,823 in local tax, \$2,325,048 in statewide sales, services and use tax, \$12,100,217 in unrestricted state grants, \$374,452 in other income, and \$408,029 in interest income.



The following table (Figure A-5) 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, 2023 compared to the year ended June 30, 2022.

Figure A-5

Total and Net Cost of Governmental Activities						
Total Cost of Services			Net Cost of Services			
June 30,		Total	June 30,		Total	
		Change			Change	
	2023	2022	2022-2023	2023	2022	2022-2023
Instruction	\$ 13,012,887	\$ 12,672,734	2.7	\$ 11,110,205	\$ 11,186,516	(0.7)
Support services	7,411,108	7,327,075	1.1	7,411,108	7,327,075	1.1
Other expenses	3,936,060	3,452,063	14.0	3,139,434	2,682,585	17.0
Non-instructional	-	115,731	(100.0)	-	115,731	(100.0)
Total expenses	\$ <u>24,360,055</u>	\$ <u>23,567,603</u>	3.4	\$ <u>21,660,747</u>	\$ <u>21,311,907</u>	1.6

### Business-Type Activities

Revenues of the District's business-type activities for the year-end June 30, 2023 totaled \$1,038,343 representing a 5.1% decrease from the prior year, while expenses totaled \$867,789, a 3.4% increase from the prior year. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

### INDIVIDUAL FUND ANALYSIS

As previously noted, Winterset 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 \$14,351,719, a 12.2% increase over last year's ending combined fund balances of \$12,790,398. The increase is primarily due to the increase in the General Fund and Debt Service Funds fund balances during the year.

### Governmental Fund Highlights

- The District's General Fund balance increased from \$4,799,249 at June 30, 2022 to \$6,054,979 at June 30, 2023. The increase was comparable to the prior year, with revenues and expenses remaining stable.
- Capital Projects Fund balance increased from \$4,173,591 in fiscal 2022 to \$4,297,262 in fiscal 2023 and is primarily due to an increase in state revenue.
- Debt Service Fund balance increased from \$1,566,243 in fiscal 2022 to \$2,177,987 in fiscal 2023. The increase was due to more local tax revenue collected.
- Management Fund balance decreased from \$2,041,378 in fiscal 2022 to \$1,606,403 in fiscal 2023 and is primarily due to an increase in instruction expense.

### Proprietary Fund Highlights

The Proprietary Fund Net Position increased from \$1,091,404 at June 30, 2022 to \$1,261,958 at June 30, 2023, representing an increase of 15.6%. The increase is due to an increase in charges for service.

### BUDGETARY HIGHLIGHTS

The District's actual revenues were \$353,307 more than the certified budget, a variance of 1.2%.

Total actual expenditures were \$2,409,464 less than the certified budget. It is the District's practice to budget expenditures at the maximum authorized spending authority. The District then manages or controls general fund spending through its line-item budget. As a result, typically the District's certified budget should always exceed actual expenditures for the year.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2023, the District had invested \$41,011,635 net of accumulated depreciation/amortization, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 1.4% 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 \$2,621,081.

The original cost of the District's capital assets was \$63,945,822. Governmental activities account for \$63,443,140 with the remainder of \$502,682 accounted for in the Proprietary, School Nutrition Fund.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Total District		Total Change	
	June 30,		June 30,		June 30,			
	2023	2022	2023	2022	2023	2022	2022-2023	
Land	\$ 969,851	\$ 969,851	\$ -	\$ -	\$ 969,851	\$ 969,851	-	%
Buildings	35,788,032	36,670,020	-	-	35,788,032	36,670,020	(2.4)	
Land Improvements	2,933,229	2,814,651	-	-	2,933,229	2,814,651	4.2	
Machinery and equipment	840,196	538,155	316,794	300,988	1,156,990	839,143	37.9	
Right-to-use leased equipment	163,533	291,730	-	-	163,533	291,730	(43.9)	
Total	\$ 40,694,841	\$ 41,284,407	\$ 316,794	\$ 300,988	\$ 41,011,635	\$ 41,585,395	(1.4)	%

### Long-Term Debt

At June 30, 2023, the District had \$22,375,000 in total long-term debt outstanding. This represents a decrease of 9.8% from last year. (See Figure A-7) Additional information about the District's long-term liability is available in Note 5 to the financial statements.

Figure A-7  
Outstanding Long-term Obligations

	Total District		Total Change	
	June 30,			
	2023	2022	2022-2023	
General obligation bonds	\$ 17,880,000	\$ 19,450,000	(8.1)	%
Revenue bonds	4,495,000	5,365,000	(16.2)	
Early retirement	68,704	45,873	49.8	
Compensated absences	93,719	67,763	38.3	
Net pension liability	5,737,483	211,008	2619.1	
Total other postemployment benefits	937,000	871,000	7.6	
Lease agreements	168,354	295,605	(43.0)	
Total long-term obligation	\$ 29,380,260	\$ 26,306,249	(11.7)	%

As of June 30, 2023, the District had outstanding general obligation bonds of \$17,880,000, outstanding revenue bonds of \$4,495,000, outstanding early retirement benefits of \$68,704 payable from the Special Revenue, Management Fund, outstanding compensated absences of \$93,719 payable from the General Fund, net pension liability of \$5,737,483, total OPEB liability of \$937,000 and lease agreement liability of \$168,354.

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.



## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- Inadequate state funding will continue to exert pressure on District finances to meet personnel, facility and transportation needs.
- Each year the District negotiates new agreements with the Winterset Community Education Association (WCEA) for certified staff and the Winterset Educational Support Employees Association (WESEA) for support personnel. Any settlements in excess of "new money" or growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.
- Net Taxable valuations for the District rose 5.936% for fiscal year 2023. Winterset Community School District is considered to be "property poor", ranking 256<sup>th</sup> out of 327 total districts, with a net taxable valuation per pupil of \$365,504 for fiscal 2023.
- The District has a financial solvency ratio of 28.27%. It will be important to maintain an adequate cash reserve levy, when statute allows, to maintain a financial solvency range of 10-15% and will be equally important to monitor and adjust recurring expenses such as salaries and benefits which represent over 76.3% of the operating budget.
- Certified enrollment dated October 1, 2021 (for fiscal year 2023 funding) was 1,702, reflecting an increase of 32.8 students or 1.96% from prior year. However, the 2021 enrollment is still 25.6 students less (1.5%) than the 2019 headcount. While the District has experienced rise and falls in certified counts, enrollment is projected to decline further over the next several years before leveling off. The District employs a demographer to assist with enrollment forecasting. Management must be vigilant in maintaining staffing and expenses that correspond to these lower enrollment numbers.
- The economy continues to be a factor that could have consequences for the District in regard to state revenues, property valuations and enrollment.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide 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, please contact Cammy Leners, Business Manager/Board Secretary, Winterset Community School District, 303 Wambold Drive, P.O. Box 30, Winterset, Iowa, 50273-0030.

## BASIC FINANCIAL STATEMENTS



## WINTERSET COMMUNITY SCHOOL DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Current assets:			
Cash, cash equivalents, and pooled investments	\$ 16,211,154	\$ 963,248	\$ 17,174,402
Receivables:			
Property tax:			
Delinquent	63,442	-	63,442
Succeeding year	10,525,994	-	10,525,994
Income surtax	504,356	-	504,356
Accounts	3,007	1,103	4,110
Due from other governments	935,914	-	935,914
Prepaid expenses	29,159	-	29,159
Inventories	-	2,285	2,285
Total current assets	28,273,026	966,636	29,239,662
Noncurrent assets:			
Deferred bond costs	244,779	-	244,779
Capital assets, net of accumulated depreciation	40,694,841	316,794	41,011,635
Total noncurrent assets	40,939,620	316,794	41,256,414
<b>TOTAL ASSETS</b>	<b>69,212,646</b>	<b>1,283,430</b>	<b>70,496,076</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Other post employment benefit related deferred outflows	56,591	-	56,591
Pension related deferred outflows	1,404,367	-	1,404,367
Deferred charge on refunding	286,678	-	286,678
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,747,636</b>	<b>-</b>	<b>1,747,636</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	922,703	-	922,703
Salaries and benefits payable	1,708,268	-	1,708,268
Accrued interest payable	99,666	-	99,666
Advances from prepaid lunches	-	21,472	21,472
Revenue bonds payable	900,000	-	900,000
Lease agreements payable	54,307	-	54,307
General obligation bonds payable	295,000	-	295,000
Compensated absences	93,719	-	93,719
Early retirement	28,624	-	28,624
Total current liabilities	4,102,287	21,472	4,123,759
Noncurrent liabilities:			
General obligation bonds payable	17,585,000	-	17,585,000
Revenue bonds payable	3,595,000	-	3,595,000
Lease agreements payable	114,047	-	114,047
Bond premium	98,141	-	98,141
Early retirement	40,080	-	40,080
Net pension liability	5,737,483	-	5,737,483
Total other post employment benefits	937,000	-	937,000
Total noncurrent liabilities	28,106,751	-	28,106,751
<b>TOTAL LIABILITIES</b>	<b>32,209,038</b>	<b>21,472</b>	<b>32,230,510</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable property tax revenue	10,525,994	-	10,525,994
Unavailable income surtax	504,356	-	504,356
Other post employment benefit related deferred inflows	304,494	-	304,494
Pension related deferred inflows	1,082,546	-	1,082,546
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>12,417,390</b>	<b>-</b>	<b>12,417,390</b>
<b>NET POSITION:</b>			
Net investment in capital assets	18,584,803	316,794	18,901,597
Restricted for:			
Management levy purposes	1,606,403	-	1,606,403
Physical plant and equipment	1,730,763	-	1,730,763
Student activities	215,088	-	215,088
School infrastructure	2,566,499	-	2,566,499
Debt service	2,177,987	-	2,177,987
Categorical funding	87,488	-	87,488
Unrestricted	(635,177)	945,164	309,987
<b>TOTAL NET POSITION</b>	<b>\$ 26,333,854</b>	<b>\$ 1,261,958</b>	<b>\$ 27,595,812</b>

See Notes to Financial Statements

WINTERSET COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023

		Program Revenues	
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest
FUNCTIONS/PROGRAMS:			
Governmental activities:			
Instruction:			
Regular	\$ 7,887,363	\$ 627,145	\$ 696,644
Special	2,739,596	142,481	187,124
Other	2,385,928	211,713	37,575
	<u>13,012,887</u>	<u>981,339</u>	<u>921,343</u>
Support services:			
Student	751,577	-	-
Instructional staff	1,467,826	-	-
Administration	1,801,948	-	-
Operation and maintenance of plant	2,347,125	-	-
Transportation	1,042,632	-	-
	<u>7,411,108</u>	<u>-</u>	<u>-</u>
Other expenditures:			
Long-term debt interest	844,065	-	-
AEA flow through	796,626	-	796,626
Depreciation (unallocated)*	2,295,369	-	-
	<u>3,936,060</u>	<u>-</u>	<u>796,626</u>
Total governmental activities	<u>24,360,055</u>	<u>981,339</u>	<u>1,717,969</u>
Business type activities:			
Non-instructional programs:			
Nutrition services	867,789	450,368	561,415
Total business type activities	<u>867,789</u>	<u>450,368</u>	<u>561,415</u>
Total	<u>\$ 25,227,844</u>	<u>\$ 1,431,707</u>	<u>\$ 2,279,384</u>
GENERAL REVENUES:			
Property tax levied for:			
General purposes			
Debt service			
Capital outlay			
Statewide sales, services and use tax			
Unrestricted state grants			
Unrestricted investment earnings			
Proceeds from sale			
Contributions not restricted to specific programs			
Total general revenues			
Changes in net position			
Net position - Beginning of year			
Net position - End of year			

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

See Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (6,563,574)	\$ -	\$ (6,563,574)
(2,409,991)	-	(2,409,991)
(2,136,640)	-	(2,136,640)
<u>(11,110,205)</u>	<u>-</u>	<u>(11,110,205)</u>
(751,577)	-	(751,577)
(1,467,826)	-	(1,467,826)
(1,801,948)	-	(1,801,948)
(2,347,125)	-	(2,347,125)
(1,042,632)	-	(1,042,632)
<u>(7,411,108)</u>	<u>-</u>	<u>(7,411,108)</u>
(844,065)	-	(844,065)
-	-	-
(2,295,369)	-	(2,295,369)
(3,139,434)	-	(3,139,434)
<u>(21,660,747)</u>	<u>-</u>	<u>(21,660,747)</u>
-	143,994	143,994
-	143,994	143,994
<u>(21,660,747)</u>	<u>143,994</u>	<u>(21,516,753)</u>
7,566,934	-	7,566,934
2,757,576	-	2,757,576
1,138,313	-	1,138,313
2,325,048	-	2,325,048
12,100,217	-	12,100,217
408,029	25,560	433,589
4,790	-	4,790
369,662	1,000	370,662
<u>26,670,569</u>	<u>26,560</u>	<u>26,697,129</u>
5,009,822	170,554	5,180,376
<u>21,324,032</u>	<u>1,091,404</u>	<u>22,415,436</u>
\$ <u>26,333,854</u>	\$ <u>1,261,958</u>	\$ <u>27,595,812</u>

## WINTERSET COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Management</u>	<u>Non-major Governmental</u>	<u>Total</u>
<u>ASSETS</u>						
Cash, cash equivalents and pooled investments	\$ 7,819,958	\$ 2,162,621	\$ 4,126,836	\$ 1,615,781	\$ 225,972	\$ 15,951,168
Receivables:						
Property tax:						
Delinquent	39,923	15,272	6,304	1,943	-	63,442
Succeeding year	5,853,848	2,792,995	1,152,305	726,846	-	10,525,994
Income surtax	504,356	-	-	-	-	504,356
Accounts	356	-	-	-	2,651	3,007
Due from other governments	771,686	94	164,122	12	-	935,914
Prepaid expenses	29,159	-	-	-	-	29,159
<b>TOTAL ASSETS</b>	<b>\$ 15,019,286</b>	<b>\$ 4,970,982</b>	<b>\$ 5,449,567</b>	<b>\$ 2,344,582</b>	<b>\$ 228,623</b>	<b>\$ 28,013,040</b>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>						
<u>LIABILITIES:</u>						
Accounts payable	\$ 897,835	\$ -	\$ -	\$ 11,333	\$ 13,535	\$ 922,703
Salaries and benefits payable	1,708,268	-	-	-	-	1,708,268
Total liabilities	2,606,103	-	-	11,333	13,535	2,630,971
<u>DEFERRED INFLOWS OF RESOURCES:</u>						
Unavailable revenues:						
Succeeding year property tax	5,853,848	2,792,995	1,152,305	726,846	-	10,525,994
Income surtax	504,356	-	-	-	-	504,356
Total deferred inflows of resources	6,358,204	2,792,995	1,152,305	726,846	-	11,030,350
<u>FUND BALANCES:</u>						
Nonspendable for:						
Prepaid expenses	29,159	-	-	-	-	29,159
Restricted for:						
Categorical funding	87,488	-	-	-	-	87,488
Debt service	-	2,177,987	-	-	-	2,177,987
Management levy purposes	-	-	-	1,606,403	-	1,606,403
Student activities	-	-	-	-	215,088	215,088
School infrastructure	-	-	2,566,499	-	-	2,566,499
Physical plant and equipment	-	-	1,730,763	-	-	1,730,763
Unassigned	5,938,332	-	-	-	-	5,938,332
Total fund balances	6,054,979	2,177,987	4,297,262	1,606,403	215,088	14,351,719
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 15,019,286</b>	<b>\$ 4,970,982</b>	<b>\$ 5,449,567</b>	<b>\$ 2,344,582</b>	<b>\$ 228,623</b>	<b>\$ 28,013,040</b>



## WINTERSET COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023

<u>TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS</u>		\$ 14,351,719
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.		40,694,841
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.		(99,666)
Blending of the Internal Service Fund to be reflected on an entity-wide basis.		259,986
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 1,460,958	
Deferred inflows of resources	<u>(1,387,040)</u>	73,918
Long-term liabilities, including lease agreements payable, bonds payable, deferred bond costs, deferred charge to refunding, premium on bonds payable, early retirement, compensated absences, 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>(28,946,944)</u>
<u>NET POSITION OF GOVERNMENTAL ACTIVITIES</u>		\$ <u>26,333,854</u>

## WINTERSET COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023

	General	Debt Service	Capital Projects	Management	Nonmajor	Total
<b>REVENUES:</b>						
Local sources:						
Local tax	\$ 7,236,972	\$ 2,755,559	\$ 1,137,480	\$ 324,414	\$ 319,500	\$ 11,773,925
Tuition	910,747	-	-	-	-	910,747
Other	451,748	85,104	110,720	46,774	-	694,346
State sources	12,657,514	691	2,325,333	87	-	14,983,625
Federal sources	1,002,443	-	-	-	-	1,002,443
Total revenues	22,259,424	2,841,354	3,573,533	371,275	319,500	29,365,086
<b>EXPENDITURES:</b>						
Current:						
Instruction:						
Regular	7,952,978	-	131,032	370,085	-	8,454,095
Special	2,870,953	-	-	36,325	-	2,907,278
Other	2,233,125	-	-	-	323,449	2,556,574
	13,057,056	-	131,032	406,410	323,449	13,917,947
Support services:						
Student	809,520	-	-	-	-	809,520
Instructional staff	1,466,025	-	114,880	-	-	1,580,905
Administration	1,905,664	-	10,734	48,348	-	1,964,746
Operation and maintenance of plant	2,045,763	-	-	302,674	-	2,348,437
Transportation	918,730	-	325,897	48,818	-	1,293,445
	7,145,702	-	451,511	399,840	-	7,997,053
Other expenditures:						
Facilities acquisition	-	-	1,728,500	-	-	1,728,500
Long-term debt:						
Principal	-	2,567,252	-	-	-	2,567,252
Interest	-	797,277	-	-	-	797,277
Fiscal charges	-	3,400	500	-	-	3,900
AEA flow through	796,626	-	-	-	-	796,626
Total expenditures	20,999,384	3,367,929	2,311,543	806,250	323,449	27,808,555
Excess (deficiency) of revenues over (under) expenditures	1,260,040	(526,575)	1,261,990	(434,975)	(3,949)	1,556,531
Other financing sources (uses):						
Proceeds from sale of assets	4,790	-	-	-	-	4,790
Operating transfers in	-	1,138,319	-	-	9,100	1,147,419
Operating transfers out	(9,100)	-	(1,138,319)	-	-	(1,147,419)
Total other financing sources (uses)	(4,310)	1,138,319	(1,138,319)	-	9,100	4,790
Change in fund balances	1,255,730	611,744	123,671	(434,975)	5,151	1,561,321
<b>FUND BALANCES - Beginning of year</b>	<b>4,799,249</b>	<b>1,566,243</b>	<b>4,173,591</b>	<b>2,041,378</b>	<b>209,937</b>	<b>12,790,398</b>
<b>FUND BALANCES - End of year</b>	<b>\$ 6,054,979</b>	<b>\$ 2,177,987</b>	<b>\$ 4,297,262</b>	<b>\$ 1,606,403</b>	<b>\$ 215,088</b>	<b>\$ 14,351,719</b>

WINTERSET 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, 2023

CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,561,321

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 but they are allocated over the estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. Capital outlay expenditures, loss on disposal of capital assets and depreciation expense in the current year are as follows:

Capital outlay	\$ 2,002,362	
Depreciation expense	(2,584,868)	
Loss on disposal of capital assets	<u>(7,060)</u>	(589,566)

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. The amounts of long-term liabilities repaid and amortization of deferred charge, discounts and premiums are as follows:

Repaid	2,567,252	
Amortization of deferred charge on refunding	(47,779)	
Amortization of premiums and discounts	<u>(10,122)</u>	2,509,351

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

15,013

Net change in Internal Service Fund charged back against expenditures made for the benefit programs on an entity-wide basis.

234,674

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.

1,145,157

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:

Early retirement	(22,831)	
Compensated absences	(25,956)	
Pension expense	241,639	
Other postemployment benefits	<u>(58,980)</u>	<u>133,872</u>

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 5,009,822

## WINTERSET COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2023

	Non-Major Governmental Activities Internal Service Fund	Non-Major Enterprise School Nutrition
<u>ASSETS:</u>		
Current assets:		
Cash, cash equivalents and pooled investments	\$ 259,986	\$ 963,248
Receivables:		
Accounts	-	1,103
Inventories	-	2,285
Total current assets	<u>259,986</u>	<u>966,636</u>
Noncurrent assets:		
Property and equipment:		
Machinery and equipment	-	502,682
Accumulated depreciation	-	(185,888)
Total noncurrent assets	<u>-</u>	<u>316,794</u>
TOTAL ASSETS	<u>259,986</u>	<u>1,283,430</u>
<u>LIABILITIES:</u>		
Current liabilities:		
Advances from prepaid lunches	-	21,472
TOTAL LIABILITIES	<u>-</u>	<u>21,472</u>
<u>NET POSITION:</u>		
Net investment in capital assets	-	316,794
Unrestricted	259,986	945,164
TOTAL NET POSITION	\$ <u>259,986</u>	\$ <u>1,261,958</u>



## WINTERSET COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2023

	Non-Major Governmental Activities Internal Service Fund	Non-Major Enterprise School Nutrition
Operating revenue:		
Local sources:		
Other local sources:		
Charges for service	\$ 292,630	\$ 450,368
Miscellaneous	166	-
Total operating revenues	<u>292,796</u>	<u>450,368</u>
Operating expenses:		
Non-instructional programs:		
Food services operations:		
Services	58,122	117,276
Supplies	-	714,300
Depreciation	-	36,213
Total non-instructional programs	<u>58,122</u>	<u>867,789</u>
Total operating expenses	<u>58,122</u>	<u>867,789</u>
Operating income (loss)	<u>234,674</u>	<u>(417,421)</u>
Non-operating revenues:		
Interest on investments	-	25,560
Contributions	-	1,000
State lunch and breakfast program claims	-	5,904
National school lunch program	-	515,194
Commodities	-	40,317
Total non-operating revenues	<u>-</u>	<u>587,975</u>
Change in net position	234,674	170,554
<u>NET POSITION</u> - Beginning of year	<u>25,312</u>	<u>1,091,404</u>
<u>NET POSITION</u> - End of year	\$ <u>259,986</u>	\$ <u>1,261,958</u>

## WINTERSET COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2023

	Non-Major Governmental Activities Internal Service Fund	Non-Major Enterprise School Nutrition
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash received from sale of lunches and breakfasts	\$ -	\$ 450,368
Cash received for other purposes	166	
Cash payments to suppliers for goods and services	234,508	(788,609)
Net cash provided (used) by operating activities	<u>234,674</u>	<u>(338,241)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>		
Contributions received	-	1,000
State grants received	-	5,904
Federal grants received	-	507,229
Net cash provided by non-capital financing activities	<u>-</u>	<u>514,133</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Proceeds from sale of capital assets	-	(7,208)
Acquisition of capital assets	-	(44,811)
Net cash used by capital and related financing activities	<u>-</u>	<u>(52,019)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest on investments	-	25,560
Net increase in cash, cash equivalents and pooled investments	234,674	149,433
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - beginning of year</u>	<u>25,312</u>	<u>813,815</u>
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - end of year</u>	<u>\$ 259,986</u>	<u>\$ 963,248</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u>		
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>		
Operating income (loss)	\$ 234,674	\$ (417,421)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Commodities used	-	40,317
Depreciation	-	36,213
Decrease in accounts receivable	-	11,400
Decrease in inventories	-	891
Decrease in advances from prepaid lunches	-	(9,641)
Net cash provided (used) by operating activities	<u>\$ 234,674</u>	<u>\$ (338,241)</u>

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2023, the District received \$40,317 of federal commodities.

WINTERSET COMMUNITY SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITIONFIDUCIARY FUNDSJUNE 30, 2023

	<u>Private Purpose Trust Scholarship</u>	<u>Custodial</u>
<u>ASSETS:</u>		
Current assets:		
Cash, cash equivalents and pooled investments	\$ 292,655	\$ 34,767
Receivables:		
Accounts	-	15,318
Total assets	<u>292,655</u>	<u>50,085</u>
<u>LIABILITIES:</u>		
None	-	-
<u>NET POSITION:</u>		
Restricted for scholarships and other organizations	<u>292,655</u>	<u>50,085</u>
Total net position	\$ <u>292,655</u>	\$ <u>50,085</u>



## WINTERSET COMMUNITY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2023

	Private Purpose Trust Scholarship	Custodial
Additions:		
Local sources:		
Interest income	\$ 3,356	\$ 37
Donations	11,500	16,280
Total additions	14,856	16,317
Deductions:		
Supplies	-	22,436
Scholarships awarded	17,550	-
Services	-	16,705
	17,550	39,141
Change in net position	(2,694)	(22,824)
NET POSITION - beginning of year	295,349	72,909
NET POSITION - end of year	\$ 292,655	\$ 50,085

## WINTERSET COMMUNITY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Winterset Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. The geographic area served includes the City of Winterset, Iowa. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

##### Reporting Entity

For financial reporting purposes, Winterset 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 Winterset Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

##### 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 are 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.

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted net position (continued)

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

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects 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 Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The 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 authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

The other governmental funds of the District are considered non-major and are as follows:

The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

The District reports the following nonmajor proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds that focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private Purpose Scholarship Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.



WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The Custodial Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments.

Measurement Focus and Basis of Accounting

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund 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.

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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, 2022 through June 30, 2023 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2022.

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, furniture and equipment and intangibles acquired after July 1, 1980 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. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.



WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Capital Assets (Continued)

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	50,000
Right-to-use leased assets	5,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

Land and construction in progress are not depreciated. The other tangible 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
Improvements other than buildings	20-50 years
Intangibles	5-10 years
Right-to-use leased assets	2-15 years
Furniture and equipment	5-15 years

Leases- Winterset 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 Winterset Community School District determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Winterset 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.



WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Advances from Prepaid Lunches – Proceeds received by the District for which services will be rendered in a succeeding fiscal year, such as prepaid lunch money.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2023. The compensated absences liability attributable to the governmental activities will be paid by the General 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 columns in the Statement of Net Position.

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 by the General Fund.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Winterset 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 by the General Fund.

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

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

Unassigned – All amounts not included in the preceding classifications.

Budgets and Budgetary Accounting

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

NOTE 2: CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS

The District's deposits in banks on June 30, 2023, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

At June 30, 2023, the District had investments as follows:

Farmers & Merchants State Bank Certificates of Deposit	\$	1,150,000
Union State Bank		111,199
Iowa Schools Joint Investment Trust Direct		
Government Obligations Portfolio (amortized cost)		<u>12,112,109</u>
	\$	<u>13,373,308</u>

At June 30, 2023, the District had investments in the Iowa School Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$12,112,109. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

NOTE 3: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2023, is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
	Capital Projects:	
	Statewide Sales, Services	
Debt Service	and Use Tax	\$ 1,016,012
	Capital Projects:	
Student Activity	General	9,100
Debt Service	PPEL	\$ <u>122,307</u>
		<u>1,147,419</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 969,851	\$ -	\$ -	\$ 969,851
Total capital assets not being depreciated	<u>969,851</u>	<u>-</u>	<u>-</u>	<u>969,851</u>
Capital assets being depreciated:				
Buildings	52,110,281	1,022,108	-	53,132,389
Land improvements	4,116,498	357,847	-	4,474,345
Machinery and equipment	4,153,203	622,407	181,681	4,593,929
Right-to-use leased equipment	419,927	-	147,301	272,626
Total capital assets being depreciated	<u>60,799,909</u>	<u>2,002,362</u>	<u>328,982</u>	<u>62,473,289</u>
Less accumulated depreciation for:				
Buildings	15,440,261	1,904,096	-	17,344,357
Land improvements	1,301,847	239,269	-	1,541,116
Machinery and equipment	3,615,048	313,306	174,621	3,753,733
Right-to-use leased equipment	128,197	128,197	147,301	109,093
Total accumulated depreciation	<u>20,482,353</u>	<u>2,584,868</u>	<u>321,922</u>	<u>22,748,299</u>
Total capital assets being depreciated, net	<u>40,314,556</u>	<u>(582,506)</u>	<u>7,060</u>	<u>39,724,990</u>
Governmental activities capital assets, net	\$ <u>41,284,407</u>	\$ <u>(582,506)</u>	\$ <u>7,060</u>	\$ <u>40,694,841</u>
Business-type activities:				
Machinery and equipment	\$ 457,871	\$ 52,019	\$ 7,208	\$ 502,682
Less accumulated depreciation	<u>(156,883)</u>	<u>(36,213)</u>	<u>(7,208)</u>	<u>(185,888)</u>
Business-type activities capital assets, net	\$ <u>300,988</u>	\$ <u>15,806</u>	\$ <u>-</u>	\$ <u>316,794</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 41,732
Special	51,763
Support services:	
Administration	20,254
Transportation	175,750
Unallocated	2,295,369
Total governmental activities depreciation expense	\$ <u>2,584,868</u>
Business-type activities:	
Food services	\$ <u>621,922</u>



WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 5: LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2023, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Lease agreements	\$ 295,605	\$ -	\$ 127,251	\$ 168,354	\$ 54,307
General obligation bonds	19,450,000	-	1,570,000	17,880,000	295,000
Revenue bonds	5,365,000	-	870,000	4,495,000	900,000
Early retirement	45,873	45,163	22,332	68,704	28,624
Compensated absences	67,763	93,719	67,763	93,719	93,719
Net pension liability	211,008	5,526,475	-	5,737,483	-
Total OPEB liability	<u>871,000</u>	<u>66,000</u>	<u>-</u>	<u>937,000</u>	<u>-</u>
Total	\$ <u>26,306,249</u>	\$ <u>5,731,357</u>	\$ <u>2,657,346</u>	\$ <u>29,380,260</u>	\$ <u>1,371,650</u>

Lease Agreements

On May 13, 2019, the District entered into a lease agreement for office space. The agreement requires monthly payments of \$6,333 over four years with an implicit rate of 3.25% and final payment due June 2023. During the year ended June 30, 2023 principal and interest paid were \$74,679 and \$1,321 respectively. On June 7, 2021, the District entered into a lease agreement for copiers. An initial lease liability was recorded in the amount of \$272,556. The agreement requires monthly payments of \$4,915 over five years with an implicit rate of 3.25% and final payment due June 2026. During the year ended June 30, 2023 principal and interest paid were \$52,572 and \$6,402, respectively. Future principal and interest payments are due on the lease liabilities, as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2024	3.25	54,307	4,667	58,974
2025	3.25	56,098	2,876	58,974
2026	3.25	<u>57,949</u>	<u>1,025</u>	<u>58,974</u>
Totals		\$ <u>168,354</u>	\$ <u>8,568</u>	\$ <u>176,922</u>

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 5: LONG-TERM LIABILITIES (Continued)

General Obligation Bonds

Details of the District's June 30, 2023 general obligation bonded indebtedness are as follows:

Year Ending June 30,	<u>Bond Issue of July 24, 2018</u>				<u>Bond Issue of January 3, 2019</u>			
	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	3.00	\$ 100,000	\$ 288,660	\$ 388,660	5.00	\$ 195,000	\$ 309,336	\$ 504,336
2025	3.00	100,000	285,660	385,660	5.00	205,000	299,586	504,586
2026	3.00	100,000	282,660	382,660	5.00	530,000	289,336	819,336
2027	3.00	200,000	279,660	479,660	3.00	755,000	273,436	1,028,436
2028	3.00	420,000	273,660	693,660	3.00	790,000	250,786	1,040,786
2029-2033	3.00	2,805,000	1,170,390	3,975,390	3.00	3,840,000	864,119	4,704,119
2034-2038	3.00	<u>5,000,000</u>	<u>522,500</u>	<u>5,522,500</u>	3.00	<u>2,840,000</u>	<u>327,045</u>	<u>3,167,045</u>
		\$ <u>8,725,000</u>	\$ <u>3,103,190</u>	\$ <u>11,828,190</u>		\$ <u>9,155,000</u>	\$ <u>2,613,644</u>	\$ <u>11,768,644</u>

Year Ending June 30,	<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 295,000	\$ 597,996	\$ 892,996
2025	305,000	585,246	890,246
2026	630,000	571,996	1,201,996
2027	955,000	553,096	1,508,096
2028	1,210,000	524,446	1,734,446
2029-2033	6,645,000	2,034,509	8,679,509
2034-2038	<u>7,840,000</u>	<u>849,545</u>	<u>8,689,545</u>
	\$ <u>17,880,000</u>	\$ <u>5,716,834</u>	\$ <u>23,596,834</u>

Revenue Bonds

Details of the District's June 30, 2023 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	<u>Bond Issue of June 27, 2017</u>		
	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
2024	2.22	\$ 390,000	\$ 60,495
2025	2.22	400,000	51,726
2026	2.22	410,000	42,735
2027	2.22	415,000	33,578
2028	2.22	425,000	24,253
2029-2030	2.22	<u>880,000</u>	<u>17,847</u>
		\$ <u>2,920,000</u>	\$ <u>230,634</u>

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 5: LONG-TERM LIABILITIES (Continued)

Revenue Bonds

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Bond Issue of June 25, 2019</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	3.25	\$ 510,000	\$ 42,900	\$ 552,900
2025	3.25	525,000	26,081	551,081
2026	3.25	<u>540,000</u>	<u>8,775</u>	<u>548,775</u>
		\$ <u>1,575,000</u>	\$ <u>77,756</u>	\$ <u>1,652,756</u>

<u>Year Ending June 30,</u>	<u>Total Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 900,000	\$ 103,395	\$ 1,003,395
2025	925,000	77,807	1,002,807
2026	950,000	51,510	1,001,510
2027	415,000	33,578	448,578
2028	425,000	24,254	449,254
2029-2030	<u>880,000</u>	<u>17,847</u>	<u>897,847</u>
	\$ <u>4,495,000</u>	\$ <u>308,391</u>	\$ <u>4,803,391</u>

Advanced Refunding June 27, 2017

On June 27, 2017, the District issued \$4,750,000 in revenue refunding bonds with an interest rate of 2.22%. The District issued the bonds to advance refund \$5,095,000 of outstanding revenue bonds dated November 1, 2009 with interest rates ranging between 3% and 4.75%. The District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2009 series bonds. As a result, that portion of the 2009 series bonds is considered defeased, and the District has removed the liability from its accounts. The advance refunding reduced total debt service payments over 12 years by \$447,003.

The District has pledged statewide sales, services and use tax revenues to repay the \$7,750,000 bonds issued in June 2017 and June 2019. The bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. 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. The total principal and interest remaining to be paid on the notes is \$4,803,391. For the current year, \$870,000 of principal and \$128,192 of interest was paid on the bonds.

Total statewide sales, services and use tax revenues were \$2,325,048.

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 5: LONG-TERM LIABILITIES (Continued)

Early Retirement

The District offered a voluntary early retirement plan to its certified and confidential employees during the current and prior fiscal years. Eligible employees were at least 55 years old on June 30 and employees had completed 10 years of continuous service to the District. Employees completed an application which was required to be approved by the Board of Education.

The early retirement incentive offered to eligible employees in FY23 was equal to 50%-100% of base salary (based on years of service). Early retirement benefits were paid by the Special Revenue, Management Levy Fund.

At June 30, 2023 the District has obligations to 3 participants with a total liability of \$68,704. Actual early retirement expenditures for the year ended June 30, 2023 totaled \$247,932.

NOTE 6: OTHER POST EMPLOYMENT 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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	<u>252</u>
Total	<u>261</u>

Total OPEB Liability – The District's total OPEB liability of \$937,000 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2023 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, 2023)	2.21% per annum.
Rates of salary increase (effective June 30, 2023)	3.50% per annum, including inflation.
Discount rate (effective June 30, 2023)	3.65% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2023)	6.75% initial rate decreasing by 0.25% annually to an ultimate rate of 4.0%.



WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 6: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Discount Rate – The discount rate used to measure the total OPEB liability was 3.65% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the 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, 2023 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 871,357
Changes for the year:	
Service cost	106,246
Interest cost	33,059
Change in assumptions or other inputs	(8,782)
Benefit payments	(64,880)
Net changes	<u>65,643</u>
Total OPEB liability end of year	\$ <u>937,000</u>

Changes of assumptions reflect a change in the discount rate from 3.54% in fiscal year 2022 to 3.65% in fiscal year 2023.

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

	1% Decrease (2.65 %)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 865,000	\$ 937,000	\$ 1,017,000

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it was calculated using healthcare cost trend rates that are 1% lower (5.75%) or 1% higher (7.75%) than the current healthcare cost trend rates.

	1% Decrease (5.75 %)	Healthcare Cost Trend Rate (6.75%)	1% Increase (7.75%)
Total OPEB liability	\$ 829,000	\$ 937,000	\$ 1,068,000

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 6: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the District recognized OPEB expense of \$123,903. At June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ -	\$ (243,743)
Change of assumptions	<u>56,591</u>	<u>(60,751)</u>
Total	\$ <u>56,591</u>	\$ <u>(304,494)</u>

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

<u>Year Ended</u> <u>June 30,</u>	
2024	\$ (15,802)
2025	(15,802)
2026	(15,802)
2027	(15,802)
2028	(15,802)
Thereafter	<u>(168,893)</u>
	\$ <u>(247,903)</u>

NOTE 7: 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](http://www.ipers.org).

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

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

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



WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 7: PENSION PLAN – IPERS (Continued)

Pension Benefits (Continued)

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 percent 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 percent 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 are 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 2023, pursuant to the required rate, Regular members contributed 6.29 percent of covered payroll and the District contributed 9.44 percent of covered payroll for a total rate of 15.73 percent.

The District's contributions to IPERS for the year ended June 30, 2023 totaled \$1,145,157.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the District reported a liability of \$5,737,483 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the District's proportion was .144554 percent, which was a decrease of .005961 percent from its proportion measured as of June 30, 2021.



WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 7: PENSION PLAN – IPERS (Continued)

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

For the year ended June 30, 2023, the District recognized pension expense of \$242,490. At June 30, 2023, 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	\$ 254,342	\$ 78,591
Changes of assumptions	4,868	137
Net difference between projected and actual earnings on IPERS' investments	-	614,179
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	-	389,639
District contributions subsequent to the measurement date	<u>1,145,157</u>	<u>-</u>
Total	\$ <u>1,404,367</u>	\$ <u>1,082,546</u>

\$1,145,157 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Total</u>
2023	\$ (667,533)
2024	(518,285)
2025	(825,206)
2026	1,198,228
2027	<u>(10,540)</u>
\$	<u>(823,336)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

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

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 7: PENSION PLAN – IPERS (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0 %	3.57 %
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
Total	<u>100.0</u> %	

Discount Rate – The discount rate used to measure the total pension liability was 7.00 percent. 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 currently active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$ <u>10,689,621</u>	\$ <u>5,737,483</u>	\$ <u>1,373,289</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](http://www.ipers.org).

Payables to IPERS – At June 30, 2023, the District had no outstanding amounts due to IPERS.

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 8: RISK MANAGEMENT

Winterset 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 \$796,626 for the year ended June 30, 2023 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTE 10: TAX ABATEMENTS

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

Tax abatements of other entities

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2023 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax abatement program</u>	<u>Amount of tax abated</u>
City of Winterset	Urban renewal and economic development projects	\$ 679,015

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2023, this reimbursement amounted to \$218,729.

NOTE 11: 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 District's ending restricted balances for categorical funding as of June 30, 2023, are comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Gifted and talented program	\$ 64,052
Professional Development	<u>23,436</u>
Total	\$ <u>87,488</u>



WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 12: SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 20, 2023, the date statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

WINTERSET 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, 2023

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Total <u>Actual</u>
<u>REVENUES:</u>			
Local sources	\$ 13,379,018	\$ 476,928	\$ 13,855,946
State sources	14,983,625	5,904	14,989,529
Federal sources	<u>1,002,443</u>	<u>555,511</u>	<u>1,557,954</u>
Total revenues	<u>29,365,086</u>	<u>1,038,343</u>	<u>30,403,429</u>
<u>EXPENDITURES/EXPENSES:</u>			
Instruction	13,917,947	-	13,917,947
Support services	7,997,053	-	7,997,053
Non-instructional programs	-	867,789	867,789
Other expenditures	<u>5,893,555</u>	<u>-</u>	<u>5,893,555</u>
Total expenditures/expenses	<u>27,808,555</u>	<u>867,789</u>	<u>28,676,344</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	1,556,531	170,554	1,727,085
Other financing sources, net	<u>4,790</u>	<u>-</u>	<u>4,790</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	1,561,321	170,554	1,731,875
<u>BALANCE</u> - Beginning of year	<u>12,790,398</u>	<u>1,091,404</u>	<u>13,881,802</u>
<u>BALANCE</u> - End of year	\$ <u>14,351,719</u>	\$ <u>1,261,958</u>	\$ <u>15,613,677</u>

<u>Budgeted Amounts</u>		<u>Final to</u>
<u>Original</u>	<u>Final</u>	<u>Actual</u>
		<u>Variance</u>
\$ 12,633,605	\$ 12,633,605	\$ 1,222,341
14,844,924	14,844,924	144,605
<u>2,571,593</u>	<u>2,571,593</u>	<u>(1,013,639)</u>
<u>30,050,122</u>	<u>30,050,122</u>	<u>353,307</u>
15,268,750	15,268,750	1,350,803
8,508,013	8,508,013	510,960
1,125,000	1,125,000	257,211
<u>5,284,045</u>	<u>6,184,045</u>	<u>290,490</u>
<u>30,185,808</u>	<u>31,085,808</u>	<u>2,409,464</u>
(135,686)	(1,035,686)	2,762,771
<u>-</u>	<u>-</u>	<u>4,790</u>
(135,686)	(1,035,686)	2,767,561
<u>10,704,123</u>	<u>8,877,714</u>	<u>5,004,088</u>
\$ <u>10,568,437</u>	\$ <u>7,842,028</u>	\$ <u>7,771,649</u>



WINTERSET 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 for the Private Purpose Trust and Custodial Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$900,000.

During the year ended June 30, 2023, no expenditures exceeded the amounts budgeted.

WINTERSET COMMUNITY SCHOOL DISTRICT

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

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2023</u>	<u>2022</u>	<u>2021</u>
District's proportion of the net pension liability	0.144554 %	0.150515 %	0.151122 %
District's proportionate share of the net pension liability	\$ 5,737,483	\$ 211,008	\$ 10,542,000
District's covered-employee payroll	\$ 12,235,000	\$ 12,217,000	\$ 11,905,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	46.89 %	1.73% %	88.55 %
IPERS' net position as a percentage of the total pension liability	91.41 %	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>
0.154321 %	0.155006 %	0.159617 %	0.161233 %	0.170154 %	0.165905 %
\$ 8,996,000	\$ 9,806,000	\$ 10,537,000	\$ 10,055,000	\$ 8,459,000	\$ 6,714,000
\$ 11,823,000	\$ 11,642,000	\$ 11,810,000	\$ 11,464,000	\$ 11,727,000	\$ 11,079,000
76.09 %	84.23 %	89.22 %	87.71 %	72.13 %	60.6 %
85.45 %	83.62 %	82.21 %	81.82 %	85.19 %	87.61 %



WINTERSET COMMUNITY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contribution	\$ 1,159,000	\$ 1,155,000	\$ 1,153,000
Contributions in relation to the statutorily required contribution	<u>(1,159,000)</u>	<u>(1,155,000)</u>	<u>(1,153,000)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered-employee payroll	\$ 12,278,000	\$ 12,235,000	\$ 12,217,000
Contributions as a percentage of covered-employee payroll	9.44 %	9.44 %	9.44 %

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,124,000	\$ 1,116,000	\$ 1,040,000	\$ 1,055,000	\$ 1,024,000	\$ 1,047,000	\$ 989,000
<u>(1,124,000)</u>	<u>(1,116,000)</u>	<u>(1,040,000)</u>	<u>(1,055,000)</u>	<u>(1,024,000)</u>	<u>(1,047,000)</u>	<u>(989,000)</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ 11,905,000	\$ 11,823,000	\$ 11,642,000	\$ 11,810,000	\$ 11,464,000	\$ 11,727,000	\$ 11,079,000
9.44 %	9.44 %	8.93 %	8.93 %	8.93 %	8.93 %	8.93 %

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

YEAR ENDED JUNE 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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.



WINTERSET COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S  
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES  
FOR THE LAST SIX YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 106,246	\$ 102,864	\$ 100,689	\$ 96,658	\$ 88,480	\$ 85,183
Interest cost	33,059	21,349	20,508	36,756	36,678	34,752
Difference between expected and actual experiences	-	(63,836)	-	(236,950)	-	-
Changes in assumptions	(8,782)	(47,285)	3,142	47,213	27,480	(19,545)
Benefit payments	(64,880)	(54,457)	(77,757)	(62,107)	(54,678)	(53,074)
Net change in total OPEB liability	65,643	(41,365)	46,582	(118,430)	97,960	47,316
Total OPEB liability, beginning of year	871,357	912,722	866,140	984,570	886,610	839,294
Total OPEB liability, end of year	\$ <u>937,000</u>	\$ <u>871,357</u>	\$ <u>912,722</u>	\$ <u>866,140</u>	\$ <u>984,570</u>	\$ <u>886,610</u>
Covered-employee payroll	\$ 11,686,000	\$ 11,290,744	\$ 11,122,000	\$ 10,798,185	\$ 11,758,879	\$ 11,575,212
Total OPEB liability as a percentage of covered - employee payroll	8.02%	7.72%	8.21%	8.02%	8.37%	7.66%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2023	3.65%
Year ended June 30, 2022	3.54%
Year ended June 30, 2021	2.16%
Year ended June 30, 2020	2.21%
Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.87%

SUPPLEMENTARY INFORMATION

WINTERSET COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND  
JUNE 30, 2023

	<u>Special Revenue</u>
	<u>Student Activity</u>
<u>ASSETS</u>	
Cash, cash equivalents and pooled investments	\$ 225,972
Receivables:	
Accounts	<u>2,651</u>
TOTAL ASSETS	\$ <u>228,623</u>
<u>LIABILITIES AND FUND BALANCES</u>	
<u>LIABILITIES:</u>	
Accounts payable	\$ <u>13,535</u>
Total liabilities	<u>13,535</u>
<u>FUND BALANCES:</u>	
Restricted for:	
Student activities	<u>215,088</u>
Total fund balances	<u>215,088</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>228,623</u>



WINTERSET COMMUNITY SCHOOL DISTRICT

SCHEDULE 2

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND  
YEAR ENDED JUNE 30, 2023

Special Revenue

Student  
Activity

REVENUES:

Local sources:

Other

\$ 319,500

Total revenues

319,500

EXPENDITURES:

Current:

Instruction:

Other

323,449

Total expenditures

323,449

Other financing sources:

Operating transfers in

9,100

Total other financing sources

9,100

Excess of revenues over expenditures

5,151

FUND BALANCES - Beginning of year

209,937

FUND BALANCES - End of year

\$ 215,088

## WINTERSET COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
CAPITAL PROJECT FUNDS  
JUNE 30, 2023

	Statewide Sales, Service and Use Tax	Physical Plant and Equipment Levy	Total Capital Project Funds
<u>ASSETS</u>			
Cash, cash equivalents and pooled investments	\$ 2,402,416	\$ 1,724,420	\$ 4,126,836
Receivables:			
Property tax:			
Delinquent	-	6,304	6,304
Succeeding year	-	1,152,305	1,152,305
Due from other governments	<u>164,083</u>	<u>39</u>	<u>164,122</u>
TOTAL ASSETS	\$ <u>2,566,499</u>	\$ <u>2,883,068</u>	\$ <u>5,449,567</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
None	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable revenues:			
Succeeding year property tax	<u>-</u>	<u>1,152,305</u>	<u>1,152,305</u>
<u>FUND BALANCES:</u>			
Restricted for:			
School infrastructure	2,566,499	-	2,566,499
Physical plant and equipment	<u>-</u>	<u>1,730,763</u>	<u>1,730,763</u>
Total fund balances	<u>2,566,499</u>	<u>1,730,763</u>	<u>4,297,262</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>2,566,499</u>	\$ <u>2,883,068</u>	\$ <u>5,449,567</u>

## WINTERSET COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
CAPITAL PROJECT FUNDS  
YEAR ENDED JUNE 30, 2023

	Statewide Sales, Service and Use Tax	Physical Plant and Equipment Levy	Total Capital Project Funds
<u>REVENUES:</u>			
Local sources:			
Local tax	\$ -	\$ 1,137,480	\$ 1,137,480
Other	44,107	66,613	110,720
State sources	2,325,048	285	2,325,333
Total revenues	<u>2,369,155</u>	<u>1,204,378</u>	<u>3,573,533</u>
<u>EXPENDITURES:</u>			
Instruction:			
Regular	131,032	-	131,032
Support services:			
Instructional staff	-	114,880	114,880
Administration	-	10,734	10,734
Transportation	279,821	46,076	325,897
Other expenditures:			
Facilities acquisition	254,519	1,473,981	1,728,500
Debt service	500	-	500
Total expenditures	<u>665,872</u>	<u>1,645,671</u>	<u>2,311,543</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,703,283</u>	<u>(441,293)</u>	<u>1,261,990</u>
Other financing (uses):			
Operating transfers out	<u>(1,016,012)</u>	<u>(122,307)</u>	<u>(1,138,319)</u>
Total other financing (uses)	<u>(1,016,012)</u>	<u>(122,307)</u>	<u>(1,138,319)</u>
Change in fund balances	<u>687,271</u>	<u>(563,600)</u>	<u>123,671</u>
<u>FUND BALANCES</u> - Beginning of year	<u>1,879,228</u>	<u>2,294,363</u>	<u>4,173,591</u>
<u>FUND BALANCES</u> - End of year	\$ <u>2,566,499</u>	\$ <u>1,730,763</u>	\$ <u>4,297,262</u>

WINTERSET COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND -  
STUDENT ACTIVITY ACCOUNTS  
YEAR ENDED JUNE 30, 2023

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
Elementary School:				
Interest	\$ 43	\$ 249	\$ 47	\$ 245
Champs	51	-	-	51
Memory book	2,090	316	2,406	-
Cheap and keep	2,921	-	-	2,921
Middle School:				
Interest	115	50	-	165
Cheap and keep	29	-	-	29
Concessions	10,726	292	337	10,681
Activity fund	705	-	109	596
Yearbook	2,381	120	265	2,236
Junior High School:				
Magazine fund	-	2,798	2,798	-
Clothing fund	47	-	-	47
Champs	4,500	300	1,317	3,483
Cross country	650	740	290	1,100
Boys basketball	839	2,293	1,800	1,332
Football	-	2,635	1,440	1,195
Boys track club	6,228	6,056	5,819	6,465
Wrestling club	3,310	990	440	3,860
Girls basketball	-	2,142	2,142	-
Volleyball	3,772	2,913	1,308	5,377
Girls track club	4,255	2,822	2,420	4,657
Yearbook	812	695	1,249	258
FBLA	42	-	-	42
Student council	2,163	1,273	193	3,243
TSA	885	-	560	325
Baseball	-	2,276	2,276	-
Softball	-	2,805	2,805	-
High School:				
Activity tickets	52	24,064	23,761	355
Champs	1,705	467	450	1,722
Concessions	1,896	19,652	21,548	-
Pop machine	1,269	1,883	84	3,068
Play	458	7,917	8,365	10
Special Olympics	-	1,708	610	1,098
Environmental Club	-	1,894	883	1,011
Speech	-	2,772	1,370	1,402
Debate	200	1,618	1,818	-
Vocal	1,920	2,504	1,288	3,136
Band	1,352	2,385	1,447	2,290
Color guard	2,854	-	604	2,250
Coffee cart	-	1,628	1,103	525
	<u>58,270</u>	<u>100,257</u>	<u>93,352</u>	<u>65,175</u>



WINTERSET COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND -  
STUDENT ACTIVITY ACCOUNTS  
YEAR ENDED JUNE 30, 2023

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
High School: (Continued)				
Uniform	370	10	-	380
Weightlifting	-	600	600	-
Coed track	254	4,021	2,240	2,035
Cross country	-	3,384	3,384	-
Boys basketball	1,824	15,262	17,086	-
Football	18,679	31,724	28,022	22,381
Boys soccer	5,066	7,361	8,082	4,345
Baseball	789	17,104	17,365	528
Boys track	3,128	667	3,753	42
Golf	-	3,751	3,751	-
Wrestling	12,991	13,127	17,007	9,111
Girls basketball	1,168	7,461	6,714	1,915
Volleyball	13,515	10,850	11,864	12,501
Girls soccer	3,860	4,682	8,542	-
Softball	432	13,728	10,245	3,915
Girls track club	220	3,580	3,538	262
Cheerleaders	623	5,404	3,871	2,156
Girls golf	3,693	2,390	2,841	3,242
Drill team	-	4,203	2,561	1,642
Class of 2023	3,302	-	3,302	-
Class of 2024	-	14,250	7,991	6,259
AFS	3,610	1,186	278	4,518
Boomerang	5,345	11,933	10,802	6,476
FCCLA	14,136	1,737	955	14,918
MOC	2,406	-	-	2,406
NHS	1,840	916	290	2,466
Pep club	-	1,329	1,329	-
Interest acct fund	-	3,708	3,708	-
Renaissance	1,251	-	-	1,251
Science club	2,294	-	47	2,247
Student council	11,413	5,789	5,512	11,690
TSA	-	349	341	8
WHS-TV	6,430	-	398	6,032
Y-Teen	4,023	-	-	4,023
FFA	20,101	29,916	37,641	12,376
Art club	5,956	2,380	1,320	7,016
Spanish club	458	-	-	458
Best buddies	1,033	5,541	4,717	1,857
WEL club	1,457	-	-	1,457
	<u>151,667</u>	<u>228,343</u>	<u>230,097</u>	<u>149,913</u>
Total	\$ <u>209,937</u>	\$ <u>328,600</u>	\$ <u>323,449</u>	\$ <u>215,088</u>

WINTERSET 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues:				
Local sources:				
Local tax	\$ 11,773,925	\$ 11,131,575	\$ 10,523,495	\$ 9,285,740
Tuition	910,747	688,264	655,977	752,001
Other	694,346	277,417	796,301	921,679
State sources	14,983,625	14,041,188	14,103,139	13,817,290
Federal sources	<u>1,002,443</u>	<u>1,758,633</u>	<u>1,163,884</u>	<u>662,871</u>
Total revenues	\$ <u>29,365,086</u>	\$ <u>27,897,077</u>	\$ <u>27,242,796</u>	\$ <u>25,439,581</u>
Expenditures:				
Instruction:				
Regular	\$ 8,454,095	\$ 8,622,466	\$ 8,233,078	\$ 7,878,847
Special	2,907,278	2,779,440	2,866,623	3,002,894
Other	2,556,574	2,322,775	2,486,705	2,420,429
Support services:				
Student	809,520	788,697	823,111	810,787
Instructional staff	1,580,905	1,539,201	1,454,672	1,427,826
Technology	-	115,731	283,290	-
Administration	1,964,746	2,157,759	1,836,925	1,836,406
Operation and maintenance of plant	2,348,437	2,055,072	2,120,931	1,860,965
Transportation	1,293,445	1,002,722	1,095,646	885,142
Other expenditures:				
Facilities acquisition	1,728,500	518,840	3,878,611	18,916,163
Long-term debt:				
Principal	2,567,252	2,594,321	2,510,000	1,665,000
Interest and other charges	801,177	896,400	974,822	1,111,045
AEA flow-through	<u>796,626</u>	<u>769,478</u>	<u>771,339</u>	<u>748,177</u>
Total expenditures	\$ <u>27,808,555</u>	\$ <u>26,162,902</u>	\$ <u>29,335,753</u>	\$ <u>42,563,681</u>

SCHEDULE 6

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	8,907,540	\$ 8,339,032	\$ 8,048,892	\$ 7,868,658	\$ 8,032,006	\$ 9,590,177
	822,713	736,646	640,506	822,403	845,940	929,521
	819,415	522,915	524,894	502,474	474,537	619,455
	13,396,612	13,277,417	13,451,259	13,194,941	12,891,211	10,408,387
	<u>596,847</u>	<u>654,122</u>	<u>590,115</u>	<u>515,737</u>	<u>512,005</u>	<u>518,692</u>
\$	<u>24,543,127</u>	\$ <u>23,530,132</u>	\$ <u>23,255,666</u>	\$ <u>22,904,213</u>	\$ <u>22,755,699</u>	\$ <u>22,066,232</u>
\$	7,875,046	\$ 7,690,356	\$ 7,747,036	\$ 7,552,125	\$ 7,952,517	\$ 7,252,273
	3,557,366	3,737,621	3,520,063	3,328,914	2,939,566	3,231,339
	1,368,871	1,350,672	1,378,746	1,249,528	1,194,845	1,311,884
	603,908	584,051	593,065	601,502	584,481	582,513
	1,695,853	1,533,626	1,673,873	1,511,655	1,407,157	677,298
	-	-	-	-	-	-
	1,688,913	1,628,096	1,615,686	1,602,672	1,557,671	1,462,275
	1,709,841	1,743,107	1,868,190	1,720,670	1,638,759	1,772,941
	1,138,645	915,151	982,824	861,732	996,816	879,328
	2,500,999	2,080,585	3,003,282	607,161	624,257	306,758
	2,295,000	2,195,000	825,000	790,000	760,000	1,035,000
	1,070,802	396,629	657,466	617,570	643,183	671,959
	<u>728,231</u>	<u>720,122</u>	<u>706,369</u>	<u>699,676</u>	<u>683,839</u>	<u>651,394</u>
\$	<u>26,233,475</u>	\$ <u>24,575,016</u>	\$ <u>24,571,600</u>	\$ <u>21,143,205</u>	\$ <u>20,983,091</u>	\$ <u>19,834,962</u>

## WINTERSET COMMUNITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023

GRANTOR/PROGRAM:	Assistance Living Number	Entity Identifying Number	Expenditures
<u>INDIRECT:</u>			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY23	60,198
National School Lunch Program	10.555	FY23	495,314 *
			<u>555,512</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY23	<u>190,372</u>
Student Support and Academic Enrichment Program	84.424	FY23	<u>12,212</u>
Career and Technical Education - Basic Grants to States	84.048	FY23	<u>11,229</u>
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act (CARES) Cluster:			
American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	FY23	743
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER III)	84.425U	FY23	<u>281,953</u>
Total Education Stabilization Fund Under CARES Cluster			<u>282,696</u>
Supporting Effective Instruction State Grant	84.367	FY23	<u>39,772</u>
Heartland Area Education Agency:			
Special education - Grants to States	84.027	FY23	<u>76,803</u>
Total			\$ <u>1,168,596</u>

\* - Includes \$40,317 of non-cash awards

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Winterset Community School District under programs of the federal government for the year ended June 30, 2023. 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 Winterset Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Winterset 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 following 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 - Winterset Community School District did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.





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

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

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

To the Board of Education of  
Winterset 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 Winterset Community School District as of and for the year ended June 30, 2023, and the related Notes to the Financial Statements, which collectively comprise Winterset Community School District's basic financial statements and have issued our report thereon dated November 20, 2023.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that are not identified.

## Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2023 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.

## Winterset Community School District's Responses to the Findings

Government Auditing Standards require the auditor to perform limited procedure on Winterset Community School District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Winterset 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 district's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

ANDERSON, LARKIN & CO., P.C.

*Anderson, Larkin, & Co., P.C.*

Ottumwa, Iowa  
November 20, 2023







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

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

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

To the Board of Education of  
Winterset Community School District:

**Report on Compliance for Each Major Federal Program**

**Opinion on each Major Federal Program**

We have audited the Winterset 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 Winterset Community School District's major federal program for the year ended June 30, 2023. Winterset 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 Winterset 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, 2023.

**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 Winterset 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 Winterset 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 Winterset 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 Winterset 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 Winterset 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 Winterset Community School District's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstance.
- Obtain an understanding of Winterset 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 Winterset 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.

#### Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

*Anderson, Larkin, & Co., P.C.*

Ottumwa, Iowa  
November 20, 2023

WINTERSET COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023

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) No material weaknesses in internal control over financial reporting were 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.
- (g) The major program was as follows:
  - Child Nutrition Cluster
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Winterset Community School District did not qualify as a low-risk auditee.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

INTERNAL CONTROL DEFICIENCIES:

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.

WINTERSET COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023

PART IV: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

- IV-A-23 Certified Budget – Expenditures for the year ended June 30, 2023 did not exceed the amended certified budget amounts.
- IV-B-23 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-23 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.
- IV-D-23 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-23 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-23 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-23 Board Minutes – We noted no transactions requiring Board approval which have not been approved by the Board.
- IV-H-23 Certified Enrollment – No variances in the certified enrollment data certified to the Iowa Department of Education were noted.
- IV-I-23 Supplementary Weighting – No variances regarding supplementary weighting certified to the Iowa Department of Education were noted.
- IV-J-23 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-K-23 Certified Annual Report – The certified annual report was certified timely to the Iowa Department of Education.
- IV-L-23 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.



WINTERSET COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023

PART IV: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

IV-M-23 Statewide Sales, Services and Use Tax – No instances of noncompliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2023, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	1,879,228
Statewide sales, services and use tax	\$	2,325,048	
Other local		<u>44,107</u>	<u>2,369,155</u>
			4,248,383
Expenditures:			
Instructions		131,032	
Support services		279,821	
Other expenditures		255,019	
Transfers to other funds:			
Debt service		<u>1,016,012</u>	<u>1,681,884</u>
Ending balance		\$	<u>2,566,499</u>

For the year ended June 30, 2023, the District did not reduce any levies as a result of the money received under Chapter 423E or 423F of the Code of Iowa.