

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

JUNE 30, 2022

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## Fairfield Community School District

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Christi Welsh	President	2023
Tim Bower	Vice President	2023
John McKerley	Board Member	2023
Kelly Scott	Board Member	2025
Margo VonStrohuber	Board Member	2023
Tai Ward	Board Member	2025
Mark Porter	Board Member	2025
<b>School Officials</b>		
Dr. Laurie Noll	Superintendent	2022
Robin Leonard	Board Secretary/Business Manager	2022
Ahlers & Cooney, P.C.	Attorney	2022

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
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Telephone (641) 792-1910

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education of Fairfield Community School District:

Report on the Audit of the Financial Statements

Opinions

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Unit	Qualified
General Fund	Unmodified
Capital Projects Fund	Unmodified
Debt Service Fund	Unmodified
Management Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinion on Aggregate Discretely Present Component Units

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified and Unmodified Opinions" paragraph, the financial statements referred to above present fairly in all material respects, the financial position of the aggregate discretely presented component units of the Fairfield Community School District as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Fairfield Community School District as of June 30, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. general accepted accounting principles.

### Basis for Qualified and Unmodified 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 Fairfield 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.

### *Matter Giving Rise to Qualified Opinion on Aggregate Discretely Presented Component Unit*

The financial statements of the Fairfield Community School Foundation have not been audited, and we were not engaged to audit the Fairfield Community School Foundation as part of our audit of the District's basic financial statements. Fairfield Community School Foundation financial activities are included in the District's basic financial statements as a discretely presented component unit.

### Emphasis of Matter

As discussed in Note 14 to the financial statements, Fairfield Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

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

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

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

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fairfield Community School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fairfield 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 8 through 16 and 46 through 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Fairfield 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 nine years ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, 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, including the Schedule of Expenditures of Federal Awards, 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 8, including the Schedule of Expenditures of Federal Awards, 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 January 22, 2024 on our consideration of Fairfield Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the 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 Fairfield Community School District's internal control over financial reporting and compliance.

January 22, 2024  
Newton, Iowa

  
NOLTE, CORNMAN & JOHNSON, P.C.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Fairfield Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2022. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2022 FINANCIAL HIGHLIGHTS

- The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases, increasing the governmental activities beginning net position by \$176,915.
- General Fund revenues increased from \$20,834,860 in fiscal year 2021 to \$23,155,611 in fiscal year 2022, while General Fund expenditures increased from \$20,862,968 in fiscal year 2021 to \$22,265,325 in fiscal year 2022. This resulted in an increase in the District's General Fund balance from \$3,543,287 at June 30, 2021 to \$4,433,573 at June 30, 2022, a 25.13% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in federal source revenues received in fiscal year 2022 compared to the prior year. The increase in expenditures was due primarily to an increase in instruction expenditures incurred compared to the prior year.
- The District's total net position increased from \$22,941,386 restated at July 1, 2021, to \$26,974,278 at June 30, 2022. Total revenues increased from \$26,074,816 in fiscal year 2021 to \$28,889,179 in fiscal year 2022, a 10.79% increase, while total expenses decreased from \$25,980,895 in fiscal year 2021 to \$25,033,202 in fiscal year 2022, a 3.65% decrease compared to the prior year. Revenues increased primarily due to increased amounts received from operating grants, contributions and restricted interest. The decrease in expenditures was primary due to a decrease in instruction expenses.

### 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 Fairfield 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 were financed in the short term as well as what remains for future spending. Fund financial statements report Fairfield Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Fairfield 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, Related Ratios and Notes and the financial statements for the discretely presented component unit.

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides detail 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-1**  
***Fairfield Community School District Annual Financial Report***

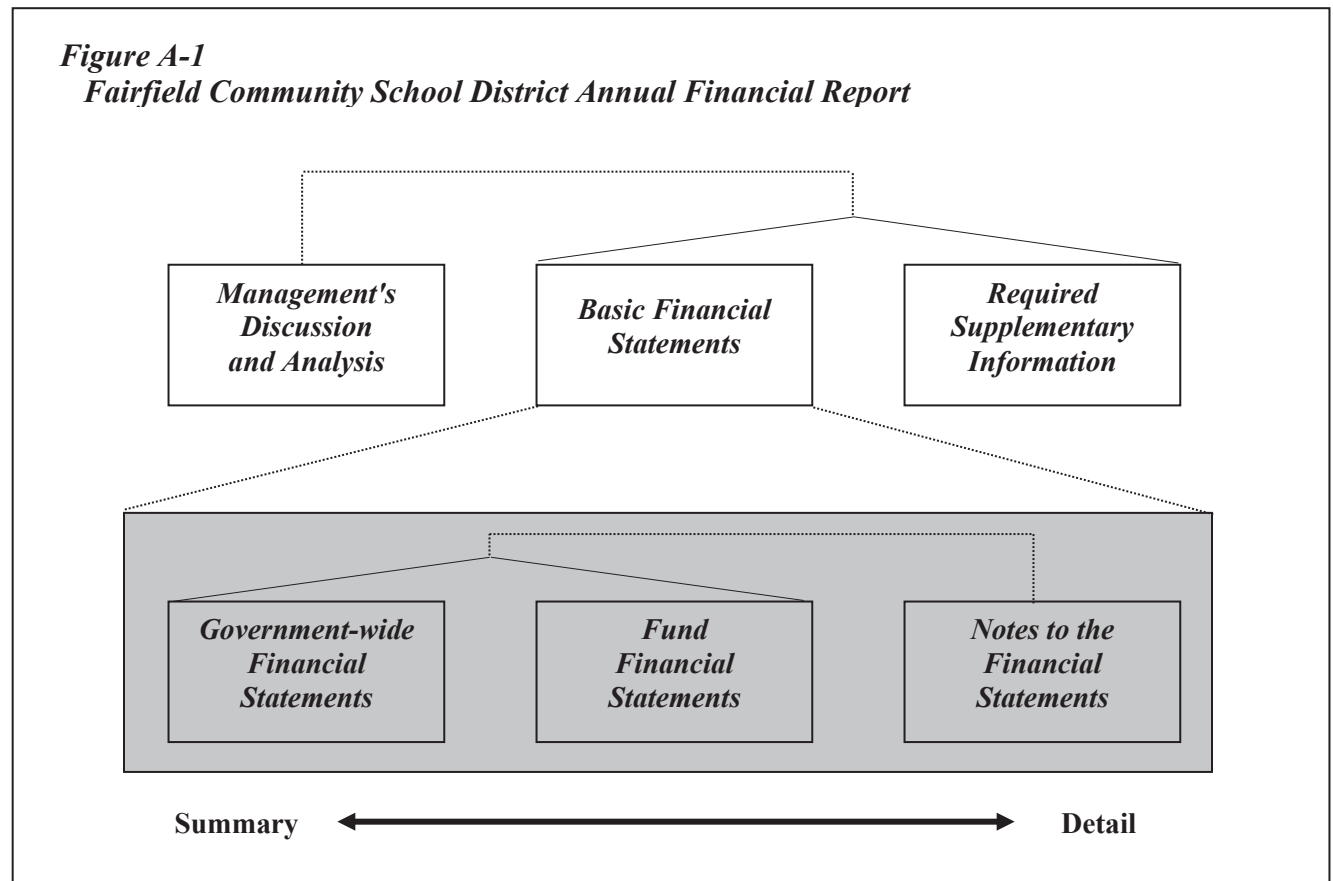


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2</b>				
<b>Major Features of the Government-Wide and Fund Financial Statements</b>				
	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, and 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

## 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 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.

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In the government-wide financial statements, the District's activities are divided into three 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.
- *Component Unit:* The Education Foundation of Fairfield Public Schools, Inc. was created to enhance and strengthen the educational programs of the Fairfield Community School District.

## **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 fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

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

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the 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's Enterprise Fund is the School Nutrition Fund. The District's Internal Service Fund, another type of proprietary fund, is the same as the governmental activities, but provides more detail and additional information, such as cash flows. The District currently has one Internal Service Fund accounting for the District's flex benefits/tax saver insurance.

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

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Custodial Funds.
  - Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring that 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 a 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 total net position at June 30, 2022 compared to June 30, 2021.

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,
	Restated		Not Restated		Restated		
	2022	2021	2022	2021	2022	2021	2021-22
Current and other assets	\$ 23,953,625	23,147,763	286,397	98,811	24,240,022	23,246,574	4.27%
Capital assets	30,941,839	30,615,591	186,972	67,925	31,128,811	30,683,516	1.45%
Total assets	54,895,464	53,763,354	473,369	166,736	55,368,833	53,930,090	2.67%
Deferred outflows of resources	1,577,113	2,462,791	47,767	70,474	1,624,880	2,533,265	-35.86%
Long-term liabilities	8,437,561	19,490,041	35,295	346,329	8,472,856	19,836,370	-57.29%
Other liabilities	2,775,688	2,468,418	65,130	55,475	2,840,818	2,523,893	12.56%
Total liabilities	11,213,249	21,958,459	100,425	401,804	11,313,674	22,360,263	-49.40%
Deferred inflows of resources	18,472,541	10,966,748	233,220	18,043	18,705,761	10,984,791	70.29%
Net position:							
Net investment in capital assets	24,067,456	23,380,444	186,972	67,925	24,254,428	23,448,369	3.44%
Restricted	6,815,914	6,758,494	-	-	6,815,914	6,758,494	0.85%
Unrestricted	(4,096,583)	(6,838,000)	519	(250,562)	(4,096,064)	(7,088,562)	42.22%
Total net position	\$ 26,786,787	23,300,938	187,491	(182,637)	26,974,278	23,118,301	16.68%

The District's total net position increased by 16.68%, or \$3,855,977 from the prior year.

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

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$57,420 or 0.85% from the prior year. The increase in restricted net position was due to the increase in the amount restricted for management levy purposes compared to the prior year.

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 \$2,992,498 or 42.22%. The increase in unrestricted net position was mainly due to the decrease in the District's net pension liability.

Figure A-4 shows the changes in net position for the year ended June 30, 2022 compared to the year ended June 30, 2021.

Figure A-4 Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	Not Restated		Not Restated		Not Restated		
	2022	2021	2022	2021	2022	2021	2021-22
Revenues:							
Program revenues:							
Charges for service	\$ 1,264,705	1,209,719	58,357	25,485	1,323,062	1,235,204	7.11%
Operating grants, contributions and restricted interest	4,378,814	2,519,708	1,216,225	791,559	5,595,039	3,311,267	68.97%
General revenues:							
Property tax	10,400,482	10,402,378	-	-	10,400,482	10,402,378	-0.02%
Income surtax	129,555	123,312	-	-	129,555	123,312	5.06%
Statewide sales, services and use tax	1,930,556	1,605,330	-	-	1,930,556	1,605,330	20.26%
Unrestricted state grants	9,246,653	9,209,111	-	-	9,246,653	9,209,111	0.41%
Unrestricted investment earnings	20,403	72,677	169	37	20,572	72,714	-71.71%
Other	240,538	110,195	2,722	5,305	243,260	115,500	110.61%
Total revenues	27,611,706	25,252,430	1,277,473	822,386	28,889,179	26,074,816	10.79%
Program expenses:							
Instruction	13,579,207	14,632,565	-	-	13,579,207	14,632,565	-7.20%
Support services	8,067,557	8,078,752	3,222	4,878	8,070,779	8,083,630	-0.16%
Non-instructional programs	1,948	2,820	1,008,125	845,968	1,010,073	848,788	19.00%
Other expenses	2,373,143	2,415,912	-	-	2,373,143	2,415,912	-1.77%
Total expenses	24,021,855	25,130,049	1,011,347	850,846	25,033,202	25,980,895	-3.65%
Excess (Deficiency) of revenues over (under) expenses	3,589,851	122,381	266,126	(28,460)	3,855,977	93,921	4005.55%
Transfers	(104,002)	-	104,002	-	-	-	0.00%
Change in net position	3,485,849	122,381	370,128	(28,460)	3,855,977	93,921	4005.55%
Net position beginning of year, as restated	23,300,938	23,001,642	(182,637)	(154,177)	23,118,301	22,847,465	1.19%
Net position end of year	\$ 26,786,787	23,124,023	187,491	(182,637)	26,974,278	22,941,386	17.58%

In fiscal year 2022, property tax and unrestricted state grants account for 71.16% of the revenue from governmental activities while charges for services and operating grants, contributions and restricted interest account for nearly all of the revenue from business type activities.

The District's total revenues were approximately \$28.89 million, of which approximately \$27.61 million was for governmental activities and approximately \$1.28 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 10.79% increase in revenues and a 3.65% decrease in expenses. The increase in revenues is primarily due to an increase operating grants, contributions and restricted interest received compared to the prior year, while the decrease in expenses is primarily due to a decrease in instruction expenses incurred compared to the previous year.

### Governmental Activities

Revenues for governmental activities were \$27,611,706 and expenses were \$24,021,855 for the year ended June 30, 2022.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2022 compared to those expenses for the year ended June 30, 2021.

Figure A-5 Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2022	2021	Change 2021-22	2022	2021	Change 2021-22
Instruction	\$ 13,579,207	14,632,565	-7.20%	9,092,191	11,852,054	-23.29%
Support services	8,067,557	8,078,752	-0.14%	7,691,335	7,899,790	-2.64%
Non-instructional programs	1,948	2,820	-30.92%	1,948	2,820	-30.92%
Other expenses	2,373,143	2,415,912	-1.77%	1,592,862	1,645,958	-3.23%
Total	<u>\$ 24,021,855</u>	<u>25,130,049</u>	<u>-4.41%</u>	<u>18,378,336</u>	<u>21,400,622</u>	<u>-14.12%</u>

For the year ended June 30, 2022:

- The cost financed by users of the District's programs was \$1,264,705.
- Federal and state governments along with contributions from local sources subsidized certain programs and projects with grants and contributions totaling \$4,378,814.
- The net cost of governmental activities was financed with \$10,400,482 in property tax, \$129,555 in income surtax, \$1,930,556 in statewide sales, services and use tax, \$9,246,653 in unrestricted state grants, \$20,403 in interest income and \$240,538 in other general revenues.

### Business Type Activities

Revenues for the District's business type activities during the year ended June 30, 2022 were \$1,277,473, a 55.34% increase from the prior year while expenses totaled \$1,011,347, a 18.86% 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, investment and other income.

### INDIVIDUAL FUND ANALYSIS

As previously noted, the Fairfield 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 balances of \$10,858,510, above last year's ending combined fund balances of \$10,150,970. The primary reason for the increase in combined fund balances at June 30, 2022 is due to the increase in fund balance in the General Fund.

### Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The General Fund balance increased from \$3,543,287 at June 30, 2021 to \$4,433,573 at June 30, 2022. Total revenues increased compared to the prior year primarily due to increases in federal revenues. Total expenditures increased primarily due to an increase in expenditures for instruction compared to the prior year.
- The Management Levy Fund balance increased from \$2,862,811 at June 30, 2021 to \$3,000,224 at June 30, 2022. Expenditures increased compared to the prior year and revenues decreased from the prior year allowing for an increase in fund balance.
- The Capital Projects Fund balance decreased from \$2,619,600 at June 30, 2021 to \$2,278,523 at June 30, 2022. Both revenues and expenditures increased from the prior year.

## Proprietary Fund Highlights

The School Nutrition Fund net position increased from deficit \$182,637 at June 30, 2021 to \$187,491 at June 30, 2022, representing an increase of 202.66%. Revenues increased compared to the prior year primarily due to an increase in federal grant reimbursements. Expenses increased compared to the prior year due to the increase in supplies.

## BUDGETARY HIGHLIGHTS

Over the course of the year, the District amended its budget one time to reflect additional expenditures.

The District's revenues were \$1,779,004 more than budgeted revenues, a variance of 6.56%. The most significant variance resulted from the District receiving more from federal sources than originally anticipated.

It is not the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District's budget is developed utilizing realistic projections of revenues and expenditures. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, expenditures in the instruction and support services functional areas exceeded the amounts budgeted, as well as in total.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2022, the District had invested \$31,128,811, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 1.45% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$2,067,287.

The original cost of the District's capital assets was approximately \$53.39 million. Governmental activities accounted for approximately \$52.94 million with the remainder of approximately \$0.45 million accounted for in the Proprietary, School Nutrition Fund.

The largest dollar change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$27,410,115 June 30, 2021, compared to \$26,535,529 reported at June 30, 2022. This decrease resulted primarily from the recognition of depreciation expense during the year.

Figure A-6							
Capital Assets, Net of Depreciation/Amortization							
Governmental Activities		Business Type Activities		Total District		Total Change	
June 30,		June 30,		June 30,		June 30,	
Restated		Not Restated		Restated			
2022	2021	2022	2021	2022	2021	2021-22	
Land	\$ 146,754	146,754	-	-	146,754	146,754	0.00%
Construction in progress	569,097	-	-	-	569,097	-	100.00%
Buildings	26,535,529	27,410,115	-	-	26,535,529	27,410,115	-3.19%
Land improvements	1,429,027	1,374,702	-	-	1,429,027	1,374,702	3.95%
Machinery and equipment	2,261,432	1,684,020	186,972	67,925	2,448,404	1,751,945	39.75%
Total	\$ 30,941,839	30,615,591	186,972	67,925	31,128,811	30,683,516	1.45%

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## Long-Term Debt

At June 30, 2022, the District had \$6,874,383 in total long-term debt outstanding. This represents a decrease of 4.99% from the prior year. (See Figure A-7) Additional information about the District's long-term debt is available in Note 5 to the financial statements.

- The District had total outstanding revenue bonds of \$4,859,000 at June 30, 2022, payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.
- The District had total capital loan notes indebtedness of \$700,000 at June 30, 2022, payable from the Capital Projects: Physical, Plant and Equipment Levy Fund.
- The District had total computer lease indebtedness of \$357,147 at June 30, 2022, payable from the Capital Projects: Physical, Plant and Equipment Levy Fund.
- The District had total bus loan payable of \$958,236 at June 30, 2022, payable from the Capital Projects: Physical, Plant and Equipment Levy Fund.

Figure A-7			
Outstanding Long-Term Obligations			
	Total District June 30,	Restated 2021	Total Change June 30,
	2022	2021	2021-22
General obligation bonds	\$ -	470,000	-100.00%
Revenue bonds	4,859,000	5,483,000	-11.38%
Capital lease	700,000	925,000	-24.32%
Computer purchase agreements	357,147	357,147	0.00%
Bus loan payable	958,236	-	100.00%
Total	<u>\$ 6,874,383</u>	<u>7,235,147</u>	<u>-4.99%</u>

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Low supplement state aid will have a negative impact on the financial health of the District.
- Declining enrollment continues to impact the District financially in a negative way. COVID-19 made it worse as some students did not return to school. The District continues to project a slight decline in students that will need to be addressed with budget cuts if it continues long-term.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Evan Marten, Business Manager/SBO, Fairfield Community School District, 403 South 20<sup>th</sup> Street, Fairfield, Iowa, 52556-2996.

## **BASIC FINANCIAL STATEMENTS**

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2022

	Primary Government			Component Unit *
	Governmental	Business Type		Education Foundation of
	Activities	Activities	Total	Fairfield Public Schools, Inc.
<b>Assets</b>				
Cash and pooled investments	\$ 11,532,380	145,925	11,678,305	3,048,310
Receivables:				
Property tax:				
Delinquent	111,977	-	111,977	-
Succeeding year	10,172,313	-	10,172,313	-
Income surtax	126,220	-	126,220	-
Accounts	26,080	-	26,080	-
Due from other governments	1,984,655	114,986	2,099,641	-
Inventories	-	25,486	25,486	-
Capital assets not being depreciated/amortized:				
Land and construction in progress	715,851	-	715,851	-
Capital assets, net of accumulated depreciation/amortization:				
Buildings, land improvements, machinery and equipment and right-to-use leased equipment	30,225,988	186,972	30,412,960	-
<b>Total assets</b>	<b>54,895,464</b>	<b>473,369</b>	<b>55,368,833</b>	<b>3,048,310</b>
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	1,551,962	46,965	1,598,927	-
OPEB related deferred outflows	25,151	802	25,953	-
<b>Total deferred outflows of resources</b>	<b>1,577,113</b>	<b>47,767</b>	<b>1,624,880</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable	788,741	21,058	809,799	-
Salaries and benefits payable	1,951,155	20,036	1,971,191	-
Accrued interest payable	35,792	-	35,792	-
Unearned revenue	-	24,036	24,036	-
Long-term liabilities:				
Portion due within one year:				
Revenue bonds	637,000	-	637,000	-
Capital loan notes	230,000	-	230,000	-
Computer purchase agreements	177,367	-	177,367	-
Bus lease	166,485	-	166,485	-
Termination benefits	189,653	-	189,653	-
Portion due after one year:				
Revenue bonds	4,222,000	-	4,222,000	-
Capital loan notes	470,000	-	470,000	-
Computer purchase agreements	179,780	-	179,780	-
Bus lease	791,751	-	791,751	-
Termination benefits	240,655	-	240,655	-
Net pension liability	210,891	5,897	216,788	-
Total OPEB liability	921,979	29,398	951,377	-
<b>Total liabilities</b>	<b>11,213,249</b>	<b>100,425</b>	<b>11,313,674</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable property tax revenue	10,172,313	-	10,172,313	-
Pension related deferred inflows	8,009,506	223,950	8,233,456	-
OPEB related deferred inflows	290,722	9,270	299,992	-
<b>Total deferred inflows of resources</b>	<b>18,472,541</b>	<b>233,220</b>	<b>18,705,761</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	24,067,456	186,972	24,254,428	
Restricted for:				
Categorical funding	857,077	-	857,077	-
Debt service	808,960	-	808,960	-
Management levy purposes	2,569,916	-	2,569,916	-
Student activities	301,438	-	301,438	-
School infrastructure	1,377,607	-	1,377,607	-
Physical plant and equipment	900,916	-	900,916	-
Unrestricted	(4,096,583)	519	(4,096,064)	3,048,310
<b>Total net position</b>	<b>\$ 26,786,787</b>	<b>187,491</b>	<b>26,974,278</b>	<b>3,048,310</b>

\* Component unit's year end is February 28, 2022

SEE NOTES TO FINANCIAL STATEMENTS.

**FAIRFIELD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit ** Education Foundation of Fairfield Public Schools, Inc.
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Primary Government			
				Govern- mental Activities	Business Type Activities	Total	
<b>Functions/Programs:</b>							
Governmental activities:							
Instruction:							
Regular	\$	7,363,869	713,605	1,981,204	(4,669,060)	-	(4,669,060)
Special		3,702,762	265,715	442,211	(2,994,836)	-	(2,994,836)
Other		2,512,576	284,369	799,912	(1,428,295)	-	(1,428,295)
		13,579,207	1,263,689	3,223,327	(9,092,191)	-	(9,092,191)
Support services:							
Student		554,204	-	6,459	(547,745)	-	(547,745)
Instructional staff		1,903,230	-	172,524	(1,730,706)	-	(1,730,706)
Administration		2,197,580	-	65,336	(2,132,244)	-	(2,132,244)
Operation and maintenance of plant		2,310,337	-	47,025	(2,263,312)	-	(2,263,312)
Transportation		1,102,206	1,016	83,862	(1,017,328)	-	(1,017,328)
		8,067,557	1,016	375,206	(7,691,335)	-	(7,691,335)
Non-instructional programs:							
Food service operations		1,948	-	-	(1,948)	-	(1,948)
Long-term debt interest		156,632	-	-	(156,632)	-	(156,632)
Other expenditures:							
AEA flowthrough		780,281	-	780,281	-	-	-
Depreciation/amortization (unallocated)*		1,436,230	-	-	(1,436,230)	-	(1,436,230)
		2,216,511	-	780,281	(1,436,230)	-	(1,436,230)
Total governmental activities		24,021,855	1,264,705	4,378,814	(18,378,336)	-	(18,378,336)
Business type activities:							
Support services:							
Instructional staff		3,222	-	-	-	(3,222)	(3,222)
Non-instructional programs:							
Food service operations		1,008,125	58,357	1,216,225	-	266,457	266,457
Total business type activities		1,011,347	58,357	1,216,225	-	263,235	263,235
Total	\$	25,033,202	1,323,062	5,595,039	(18,378,336)	263,235	(18,115,101)
Total component unit	\$	111,344	-	1,120,305			1,008,961
<b>General Revenues and Transfers:</b>							
Property tax levied for:							
General purposes	\$	9,033,047	-	9,033,047	-		-
Debt service		480,756	-	480,756	-		-
Capital outlay		886,679	-	886,679	-		-
Income surtax		129,555	-	129,555	-		-
Statewide sales, services and use tax		1,930,556	-	1,930,556	-		-
Unrestricted state grants		9,246,653	-	9,246,653	-		-
Realized gain on investments		-	-	-	-		164,051
Unrestricted investment earnings		20,403	169	20,572			33,982
Unrealized loss on investments		-	-	-			(144,632)
Other		240,538	2,722	243,260			-
Transfers		(104,002)	104,002	-			-
Total general revenues and transfers		21,864,185	106,893	21,971,078			53,401
Change in net position		3,485,849	370,128	3,855,977			1,062,362
Net position beginning of year, as restated		23,300,938	(182,637)	23,118,301			1,985,948
Net position end of year	\$	26,786,787	187,491	26,974,278			3,048,310

\* This amount excludes the depreciation/amortization that is included in the direct expense of various programs.

\*\* Component unit's year end is February 28, 2022

SEE NOTES TO FINANCIAL STATEMENTS.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General	Capital Projects	Management Levy	Nonmajor	Total
<b>Assets</b>					
Cash and pooled investments	\$ 5,177,360	2,133,533	2,999,395	1,165,406	11,475,694
Receivables:					
Property tax:					
Delinquent	88,684	9,500	8,642	5,151	111,977
Succeeding year	8,480,577	891,736	800,000	-	10,172,313
Income surtax	126,220	-	-	-	126,220
Accounts	25,984	-	-	96	26,080
Due from other governments	1,849,165	135,490	-	-	1,984,655
<b>Total assets</b>	<b>\$ 15,747,990</b>	<b>3,170,259</b>	<b>3,808,037</b>	<b>1,170,653</b>	<b>23,896,939</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 756,465	-	7,813	24,463	788,741
Salaries and benefits payable	1,951,155	-	-	-	1,951,155
Total liabilities	2,707,620	-	7,813	24,463	2,739,896
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	8,480,577	891,736	800,000	-	10,172,313
Income surtax	126,220	-	-	-	126,220
Total deferred inflows of resources	8,606,797	891,736	800,000	-	10,298,533
Fund balances:					
Restricted for:					
Categorical funding	857,077	-	-	-	857,077
Debt service	-	-	-	844,752	844,752
Management levy purposes	-	-	3,000,224	-	3,000,224
Student activities	-	-	-	301,438	301,438
School infrastructure	-	1,377,607	-	-	1,377,607
Physical plant and equipment	-	900,916	-	-	900,916
Unassigned	3,576,496	-	-	-	3,576,496
Total fund balances	4,433,573	2,278,523	3,000,224	1,146,190	10,858,510
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 15,747,990</b>	<b>3,170,259</b>	<b>3,808,037</b>	<b>1,170,653</b>	<b>23,896,939</b>

SEE NOTES TO FINANCIAL STATEMENTS.

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

**Total fund balances of governmental funds (page 20)** \$ 10,858,510

***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. 30,941,839

Accounts receivable income surtax is not available to finance expenditures of the current year and, therefore, is recognized as deferred inflows of resources in the governmental funds. 126,220

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds. (35,792)

Blending of the Internal Service Funds to be reflected on an entity-wide basis. 56,686

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	\$ 1,577,113	
Deferred inflows of resources	<u>(8,300,228)</u>	(6,723,115)

Long-term liabilities, including bonds payable, capital loan notes, computer purchase agreements, bus lease, termination benefits, net pension liability, and total OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds. (8,437,561)

**Net position of governmental activities (page 18)** \$ 26,786,787

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Management Levy	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 8,367,784	886,679	800,576	480,756	10,535,795
Tuition	920,447	-	-	-	920,447
Other	371,954	2,201	19,456	373,526	767,137
State sources	10,299,977	1,942,657	11,048	6,562	12,260,244
Federal sources	3,133,841	-	-	-	3,133,841
Total revenues	23,094,003	2,831,537	831,080	860,844	27,617,464
Expenditures:					
Current:					
Instruction:					
Regular	7,699,674	-	164,776	-	7,864,450
Special	4,360,366	-	-	-	4,360,366
Other	2,355,253	-	-	358,032	2,713,285
	14,415,293	-	164,776	358,032	14,938,101
Support services:					
Student	622,782	-	-	-	622,782
Instructional staff	1,510,459	462,964	-	-	1,973,423
Administration	2,234,765	26,090	178,991	-	2,439,846
Operation and maintenance of plant	1,976,018	140,972	296,195	-	2,413,185
Transportation	725,727	1,210,860	46,650	-	1,983,237
	7,069,751	1,840,886	521,836	-	9,432,473
Non-instructional programs:					
Food service operations	-	97,196	7,055	-	104,251
Capital outlay	-	1,192,234	-	-	1,192,234
Long-term debt:					
Principal	-	-	-	1,484,272	1,484,272
Interest and fiscal charges	-	-	-	163,428	163,428
	-	-	-	1,647,700	1,647,700
Other expenditures:					
AEA flowthrough	780,281	-	-	-	780,281
Total expenditures	22,265,325	3,130,316	693,667	2,005,732	28,095,040
Excess (Deficiency) of revenues over (under) expenditures	828,678	(298,779)	137,413	(1,144,888)	(477,576)
Other financing sources (uses):					
Insurance proceeds	21,193	-	-	-	21,193
Proceeds from the sale of equipment	40,415	-	-	-	40,415
Bus lease proceeds	-	1,123,508	-	-	1,123,508
Transfer in	-	-	-	1,165,806	1,165,806
Transfer out	-	(1,165,806)	-	-	(1,165,806)
Total other financing sources (uses)	61,608	(42,298)	-	1,165,806	1,185,116
Change in fund balances	890,286	(341,077)	137,413	20,918	707,540
Fund balances beginning of year	3,543,287	2,619,600	2,862,811	1,125,272	10,150,970
Fund balances end of year	\$ 4,433,573	2,278,523	3,000,224	1,146,190	10,858,510

SEE NOTES TO FINANCIAL STATEMENTS.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022

Change in fund balances - total governmental funds (page 22) \$ 707,540

**Amounts reported for governmental activities in the Statement of Activities  
are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation/amortization expense in the Statement of Activities. Capital outlay expenditures, depreciation/amortization expense and loss on disposal in the current year are as follows:

Capital outlay	\$ 2,443,266	
Depreciation/amortization expense	(2,046,013)	
Loss on disposal	<u>(71,005)</u>	326,248

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. (5,758)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances and repayments are as follows:

Issued	(1,123,508)	
Repaid	<u>1,484,272</u>	360,764

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. 6,796

Net change in the Internal Service Funds charged back against expenditures made for self-funded insurance on an entity-wide basis. 1,172

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. 1,161,917

Some revenues and expenses reported in the Statement of Activities do not require or provide the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds, as follows:

Termination benefits	174,138	
Pension expense	813,284	
Total OPEB liability and related expenses	<u>(60,252)</u>	927,170

Change in net position of governmental activities (page 19) \$ 3,485,849

SEE NOTES TO FINANCIAL STATEMENTS.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

	Business Type Activities: Enterprise Funds	Governmental Activities: Internal Service
	School Nutrition	
<b>Assets</b>		
Current assets:		
Cash and pooled investments	\$ 145,925	56,686
Due from other governments	114,986	-
Inventories	25,486	-
Total current assets	286,397	56,686
Noncurrent assets:		
Capital assets, net of accumulated depreciation	186,972	-
<b>Total assets</b>	473,369	56,686
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	46,965	-
OPEB related deferred outflows	802	-
<b>Total deferred outflows of resources</b>	47,767	-
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	21,058	-
Salaries and benefits payable	20,036	-
Unearned revenue	24,036	-
Total current liabilities	65,130	-
Noncurrent liabilities:		
Net pension liability	5,897	-
Total OPEB liability	29,398	-
Total noncurrent liabilities	35,295	-
<b>Total liabilities</b>	100,425	-
<b>Deferred Inflows of Resources</b>		
Pension related deferred inflows	223,950	-
OPEB related deferred inflows	9,270	-
<b>Total deferred inflows of resources</b>	233,220	-
<b>Net Position</b>		
Net investment in capital assets	186,972	-
Unrestricted	519	56,686
<b>Total net position</b>	\$ 187,491	56,686

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities: Enterprise Funds	Governmental Activities: Internal Service
	School Nutrition	
Operating revenues:		
Local sources:		
Charges for service	\$ 58,357	-
Miscellaneous	2,722	46,274
Total operating revenues	61,079	46,274
Operating expenses:		
Instructional staff:		
Supplies	3,222	-
Administration:		
Services	-	45,102
Total support services	3,222	45,102
Non-instructional programs:		
Food service operations:		
Salaries	414,308	-
Benefits	66,677	-
Services	1,997	-
Supplies	497,489	-
Depreciation	21,274	-
Other	6,380	-
Total non-instructional programs	1,008,125	-
Total operating expenses	1,011,347	45,102
Operating income (loss)	(950,268)	1,172
Non-operating revenues:		
State sources	6,331	-
Federal sources	1,209,894	-
Interest income	169	-
Total non-operating revenues	1,216,394	-
Change in net position before other financing sources	266,126	1,172
Other financing sources:		
Capital contributions	104,002	-
Change in net position	370,128	1,172
Net position beginning of year	(182,637)	55,514
Net position end of year	\$ 187,491	56,686

SEE NOTES TO FINANCIAL STATEMENTS.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2022

	Business Type Activities: Enterprise Funds School Nutrition	Governmental Activities: Internal Service
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 54,134	-
Cash received from miscellaneous	2,722	46,274
Cash payments to employees for services	(549,397)	-
Cash payments to suppliers for goods or services	(417,351)	(45,102)
Net cash provided by (used in) operating activities	(909,892)	1,172
Cash flows from non-capital financing activities:		
State grants received	5,358	-
Federal grants received	1,071,454	-
Net cash provided by non-capital financing activities	1,076,812	-
Cash flows from capital and related financing activities:		
Purchase of capital assets	(36,319)	-
Cash flows from investing activities:		
Interest on investments	169	-
Net increase in cash and pooled investments	130,770	1,172
Cash and pooled investments beginning of year	15,155	55,514
Cash and pooled investments end of year	\$ 145,925	56,686
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ (950,268)	1,172
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Commodities consumed	81,117	-
Depreciation	21,274	-
Change in assets and liabilities:		
Inventories	1,480	-
Accounts payable	9,140	-
Salaries and benefits payable	4,738	-
Net pension liability	(302,652)	-
Deferred outflows of resources	22,707	-
Deferred inflows of resources	215,177	-
Unearned revenue	(4,223)	-
Total OPEB liability	(8,382)	-
Net cash provided by (used in) operating activities	\$ (909,892)	1,172

**Non-cash investing, capital and related financing activities:**

During the year ended June 30, 2022, the District received \$81,117 of federal commodities.

During the year ended June 30, 2022, the District received \$104,002 in capital contributions from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2022

	Private Purpose Trust Scholarship
<b>Assets</b>	
Cash and pooled investments	\$ 16,623
<b>Liabilities</b>	-
<b>Net Position</b>	
Held in trust for scholarships	\$ 16,623

SEE NOTES TO FINANCIAL STATEMENTS.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
YEAR ENDED JUNE 30, 2022

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 14,937
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	1,525
Change in net position	13,412
Net position beginning of year	3,211
Net position end of year	\$ 16,623

SEE NOTES TO FINANCIAL STATEMENTS.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**Note 1. Summary of Significant Accounting Policies**

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

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

**A. Reporting Entity**

For financial reporting purposes, Fairfield 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.

These financial statements present the Fairfield Community School District (the primary government) and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational or financial relationship with the District.

**Discretely Presented Component Unit** - The Education Foundation of Fairfield Public Schools, Inc. was created to enhance and strengthen the educational programs of the Fairfield Community School District. The Foundation is a separate legal entity with its own accounting records and board of trustees. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented. The Foundation has a February year-end. The Foundation is accounted for as a component unit on the Statement of Net Position and the Statement of Activities. The Education Foundation of Fairfield Public Schools, Inc. financial statements were not audited.

**Jointly Governed Organizations** - The District participates in a jointly governed organization that provides services to the District but do 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 Van Buren, Washington, Henry, Wapello, and Jefferson Counties Assessors' Conference Boards.

**B. Basis of Presentation**

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

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

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

*Restricted net position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

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 Management Levy Fund is used to account for property tax and other revenues used for the cost of unemployment, early retirement benefits, and liability insurance agreements.

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 District reports the following non-major proprietary funds:

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

The Internal Service Fund is used to account for the flex benefit/tax saver insurance operations of the District.

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

The Private Purpose 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.

### **C. Measurement Focus and Basis of Accounting**

The government-wide, proprietary and fiduciary 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 positions 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 is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position**

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

**Cash, Pooled Investments and Cash Equivalents** - 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 cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget 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 become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2021.

**Due from Other Governments** - Due from other governments represents 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, machinery 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. 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.

Asset Class	Amount
Land	\$ -
Buildings	2,500
Land improvements	2,500
Intangibles	100,000
Right-to-use leased assets	5,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

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:

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Right-to-use leased assets	2-15 years
Machinery and equipment	5-15 years

**Leases** – Fairfield 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 equipment (lease asset) in the government-wide financial statements. The District recognized 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 the 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 Fairfield Community School District determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Fairfield 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, as well as any purchase option price included in the agreement that the District would be reasonably certain to exercise.

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

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

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

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

**Long-term Liabilities** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column 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 primarily by the General Fund while the portion attributable to the business type activities will be paid primarily by the Enterprise, School Nutrition Fund.

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

**Deferred Inflows of Resources** - Deferred inflows of resources 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 in the fund financial statements consist of property tax receivables 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 on the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unrecognized items not yet charged to pension and OPEB expense.

**Fund Equity** - In the governmental fund financial statements, fund balances are classified as follows:

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

**Unassigned** - All amounts not included in the preceding classification.

## **E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022, expenditures exceeded the amounts budgeted in the instruction and support services functional areas, as well as in total.

## **Note 2. Cash and Pooled Investments**

The District's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2022, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) Direct Government Obligations Portfolio which are valued at an amortized cost of \$5,190,923. 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, 2022 was as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 739,009
Debt Service	Capital Projects: Physical Plant & Equipment Levy	426,797
Total		<u>\$ 1,165,806</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed for principal and interest payments on the District's revenue bond indebtedness.

The transfer from the Capital Projects: Physical Plant and Equipment Levy Fund to the Debt Service Fund was needed for principal and interest payments on the District's capital loan notes.

#### **Note 4. Capital Assets**

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

	Restated, Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 146,754	-	-	146,754
Construction in progress	-	569,097	-	569,097
Total capital assets not being depreciated/amortized	146,754	569,097	-	715,851
Capital assets being depreciated/amortized:				
Buildings	42,743,072	424,107	14,908	43,152,271
Land improvements	2,899,107	199,973	6,217	3,092,863
Machinery and equipment	6,097,715	1,250,089	1,364,341	5,983,463
Total capital assets being depreciated/amortized	51,739,894	1,874,169	1,385,466	52,228,597
Less accumulated depreciation/amortization for:				
Buildings	15,332,957	1,295,244	11,459	16,616,742
Land improvements	1,524,405	140,986	1,555	1,663,836
Machinery and equipment	4,413,695	609,783	1,301,447	3,722,031
Total accumulated depreciation	21,271,057	2,046,013	1,314,461	22,002,609
Total capital assets being depreciated/amortized, net	30,468,837	(171,844)	71,005	30,225,988
Governmental activities capital assets, net	\$ 30,615,591	397,253	71,005	30,941,839
<b>Business type activities:</b>				
Machinery and equipment	\$ 353,634	140,321	45,359	448,596
Less accumulated depreciation	285,709	21,274	45,359	261,624
Business type activities capital assets, net	\$ 67,925	119,047	-	186,972

Depreciation/amortization expense was charged to the following functions:

<b>Governmental activities:</b>	
Instruction:	
Regular	\$ 159,442
Other	34,622
Support services:	
Administration	7,377
Operation and maintenance of plant	26,591
Transportation	381,751
	609,783
Unallocated depreciation	1,436,230
Total governmental activities depreciation/amortization expense	\$ 2,046,013
<b>Business type activities:</b>	
Food service operations	\$ 21,274

## **Note 5. Long-Term Liabilities**

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

	Restated, Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 470,000	-	470,000	-	-
Revenue bonds	5,483,000	-	624,000	4,859,000	637,000
Capital loan notes	925,000	-	225,000	700,000	230,000
Computer purchase agreements	357,147	-	-	357,147	177,367
Bus lease	-	1,123,508	165,272	958,236	166,485
Termination benefits	604,446	-	174,138	430,308	189,653
Net pension liability	10,632,914	-	10,422,023	210,891	-
Total OPEB liability	1,017,534	-	95,555	921,979	-
Total	<u>\$ 19,490,041</u>	<u>1,123,508</u>	<u>12,175,988</u>	<u>8,437,561</u>	<u>1,400,505</u>
<b>Business type activities:</b>					
Net pension liability	\$ 308,549	-	302,652	5,897	-
Total OPEB liability	37,780	-	8,382	29,398	-
Total	<u>\$ 346,329</u>	<u>-</u>	<u>311,034</u>	<u>35,295</u>	<u>-</u>

### **Capital Loan Note**

Details of the District's June 30, 2022 capital loan note indebtedness which will be paid from the Capital Projects: Physical Plant and Equipment Levy Fund are as follows:

Year Ending June 30,	High School Addition/Renovation			
	Interest Rate	Principal	Interest	Total
2023	1.80 %	\$ 230,000	13,776	243,776
2024	2.00	235,000	9,635	244,635
2025	2.10	235,000	4,935	239,935
Total		<u>\$ 700,000</u>	<u>28,346</u>	<u>728,346</u>

### **Revenue Bonds**

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

Year Ending June 30,	Revenue Bonds issued July 6, 2017				Refunding Bonds Issued July 1, 2020			Total		
	Interest Rate	Principal	Interest		Interest Rate	Principal	Interest	Principal	Interest	Total
2023	2.11 %	\$ 369,000	63,099		1.94 %	\$ 268,000	32,670	637,000	95,769	732,769
2024	2.11	376,000	55,240		1.94	273,000	27,470	649,000	82,710	731,710
2025	2.11	384,000	47,222		1.94	278,000	22,174	662,000	69,396	731,396
2026	2.11	392,000	39,035		1.94	283,000	16,781	675,000	55,816	730,816
2027	2.11	401,000	30,669		1.94	288,000	11,290	689,000	41,959	730,959
2028-2030	2.11	1,253,000	40,016		1.94	294,000	5,704	1,547,000	45,720	1,592,720
Total		<u>\$ 3,175,000</u>	<u>275,281</u>			<u>\$ 1,684,000</u>	<u>116,089</u>	<u>4,859,000</u>	<u>391,370</u>	<u>5,250,370</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,569,000 in bonds issued July 6, 2017 and \$2,205,000 in bonds issued July 1, 2020. The bonds were issued for the purpose of defraying a portion of the cost of building improvements at the school as well as refunding prior revenue bond issuances. 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 limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 38% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$5,250,370. For the current year, principal of \$624,000 and interest of \$108,573 was paid on the bonds and total statewide sales, services, and use tax revenues were \$1,930,556.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

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

### **Computer Purchase Agreements**

On April 16, 2020 and May 15, 2020, the District entered into a computer purchase agreement with Apple. Details of the District's computer purchase agreement indebtedness, payable from the Capital Projects: Physical Plant & Equipment Levy Fund, are as follows:

Year	Computer Purchase Agreement April 16, 2020			Computer Purchase Agreement May 15, 2020			Total		
Ending June 30,	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2023	1.25 %	\$ 164,432	4,141	2.75 %	\$ 12,935	721	177,367	4,862	182,229
2024	1.25	166,490	2,084	2.75	13,290	366	179,780	2,450	182,230
Total		<u>\$ 330,922</u>	<u>6,225</u>		<u>\$ 26,225</u>	<u>1,087</u>	<u>357,147</u>	<u>7,312</u>	<u>364,459</u>

### **Bus Lease**

On September 3, 2021 the District entered into a six-year lease agreement with BB Community Leasing Services, Inc for twelve school buses. The agreement requires six annual payments of \$184,197 followed by a final balloon payment of \$278,000 and has an implicit interest rate of 1.80%. Details of the District's June 30, 2022 bus lease indebtedness are as follows:

Year	Bus Lease September 3, 2021				
Ending June 30,	Interest Rate	Principal	Interest	Total	
2023	1.80 %	\$ 166,485	17,712	184,197	
2024	1.80	169,612	14,585	184,197	
2025	1.80	172,798	11,399	184,197	
2026	1.80	176,043	8,154	184,197	
2027	1.80	273,298	4,702	278,000	
Total		<u>\$ 958,236</u>	<u>56,552</u>	<u>1,014,788</u>	

### **Termination Benefits**

The District did not offer an early retirement to employees during the fiscal year ended June 30, 2022. In January 2021, the District approved a voluntary early retirement plan for employees. The plan was only offered to employees for one year. Eligible full-time employees must be at least 55 years of age on or before June 30, 2021 and have currently have at least 10 years of continuous service with the District. The application for early retirement was subject to approval by the Board of Education.

Early retirement benefits equal a cash payment based upon a percentage of base salary in the final year of employment dependent upon years of service. This payment is paid in two equal payments over a two-year period.

At June 30, 2022, the District had outstanding obligations to seventeen participants with a total liability of \$430,308. Actual early retirement expenditures for the year ended June 30, 2022 totaled \$174,138.

#### **Note 6. Pension Plan**

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](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 information purposes only. Refer to the plan documents for more information.

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

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

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

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2022 were \$1,197,976.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of \$216,788 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the District's proportion was 0.062796%, which was a decrease of 0.092960% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$846,385. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 164,946	165,615
Changes of assumptions	141,798	-
Net difference between projected and actual earnings on IPERS' investments	-	7,854,588
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	94,207	213,253
District contributions subsequent to the measurement date	1,197,976	-
Total	<u>\$ 1,598,927</u>	<u>8,233,456</u>

\$1,197,976 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2023	\$ (1,975,618)
2024	(1,927,468)
2025	(1,782,229)
2026	(2,151,145)
2027	3,955
Total	<u>\$ (7,832,505)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	100.0%	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 7,672,843	216,788	(6,031,860)

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to IPERS - At June 30, 2022, the District reported payables to IPERS of \$103,446 for legally required District contributions and \$68,927 for legally required employee contributions withheld from employee wages but which had not yet been remitted to IPERS.

#### **Note 7. Other Postemployment Benefits (OPEB)**

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

OPEB Benefits - Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	16
Active employees	<u>288</u>
Total	<u>304</u>

Total OPEB Liability - The District's total OPEB liability of \$951,377 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	3.00% per annum.
Rates of salary increase	3.50% per annum, including inflation.
Discount rate	3.54% compounded annually, including inflation.
Healthcare cost trend rate	7.00% initial rate decreasing annually to an ultimate rate of 4.0%

Discount Rate - The discount rate used to measure the total OPEB liability was 3.54% 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 Pub-2010 mortality table with general scale MP-2021. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirroring those used by IPERS.

#### **Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 1,055,314
Changes for the year:	
Service cost	124,893
Interest	24,729
Differences between expected and actual experiences	(106,955)
Changes in assumptions	(75,873)
Benefit payments	<u>(70,731)</u>
Net changes	<u>(103,937)</u>
Total OPEB liability end of year	<u>\$ 951,377</u>

Changes of assumptions reflect a change in the discount rate from 2.16% in fiscal year 2021 to 3.54% in fiscal year 2022.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate 1% lower (2.54%) or 1% higher (4.54%) than the current discount rate.

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 1,018,000	951,377	891,000

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 well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates 1% lower (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rates.

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB liability	\$ 864,000	951,377	1,056,000

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2022, the District recognized OPEB expense of \$126,993. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	214,945
Changes in assumptions	25,953	85,047
Total	\$ 25,953	299,992

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

Year Ended June 30,	Amount
2023	\$ (22,629)
2024	(22,629)
2025	(22,629)
2026	(22,629)
2027	(22,629)
Thereafter	(160,894)
Total	\$ (274,039)

## **Note 8. Risk Management**

Fairfield 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. Categorical Funding**

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

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2022.

Program	Amount
Limited English Proficient (LEP)	\$ 31,708
Home School Assistance Program (HSAP)	400,466
Gifted and Talented Programs	21,134
Teacher Leadership State Aid	109,685
Four-Year-Old Preschool State Aid	136,539
Textbook Aid for Nonpublic Students	2,819
Successful Progression for Early Readers	49,030
Professional Development	105,696
Total	<u>\$ 857,077</u>

### **Note 10. 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 \$780,281 for the year ended June 30, 2022 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

### **Note 11. Detailed Reconciliation of Governmental Fund Balances to Net Position**

The following is the detailed reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position:

	Net investment in Capital Assets	Debt Service	Management Levy	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	844,752	3,000,224	3,576,496
Capital assets, net of accumulated depreciation/amortization	30,941,839	-	-	-
Revenue bond capitalized indebtedness	(4,859,000)	-	-	-
Capital lease capitalized indebtedness	(700,000)	-	-	-
Computer purchase capitalized indebtedness	(357,147)	-	-	-
Bus lease capitalized indebtedness	(958,236)	-	-	-
Accrued interest payable	-	(35,792)	-	-
Income surtax	-	-	-	126,220
Termination benefits	-	-	(430,308)	-
Internal service fund balance	-	-	-	56,686
Pension related deferred outflows	-	-	-	1,551,962
Pension related deferred inflows	-	-	-	(8,009,506)
Net pension liability	-	-	-	(210,891)
Total OPEB liability	-	-	-	(921,979)
OPEB related deferred outflows	-	-	-	25,151
OPEB related deferred inflows	-	-	-	(290,722)
Net position (Exhibit A)	<u>\$ 24,067,456</u>	<u>808,960</u>	<u>2,569,916</u>	<u>(4,096,583)</u>

### **Note 12. 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, 2022 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Fairfield	Urban Renewal and Economic Development Projects	\$ 46,502

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, 2022, this reimbursement amounted to \$26,860.

### **Note 13. Budget Overexpenditures**

During the year ended June 30, 2022, expenditures exceeded the amounts budgeted in the instruction and support services functional areas, as well as in total.

### **Note 14. Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented as of the beginning of the year ended June 30, 2022. The requirements of this statement apply to financial statements of all state and local governments and establishes standards of accounting and financial reporting for leases by lessees and lessors. Beginning net position for governmental activities, was restated to retroactively recognize the beginning lease liability and the intangible right-to-use lease asset when the District is the lessee.

	Governmental Activities
Net position June 30, 2021, as previously reported	\$ 23,124,023
Net capital asset restatement for GASBS No. 87	534,062
Net long-term liabilities restatement for GASBS No. 87	(357,147)
Net position July 1, 2021, as restated	<u>\$ 23,300,938</u>

Details of the restatement for capital assets and long-term liabilities are as follows:

	Capital Assets	Long Term Liabilities
Balances June 30, 2021, as previously reported	\$ 30,081,529	19,132,894
Changes to implement GASBS No. 87:		
Computer purchase agreement	-	357,147
Machinery and Equipment	712,083	-
Accumulated Depreciation, Machinery and Equipment	(178,021)	-
Balances July 1, 2021, as restated	<u>\$ 30,615,591</u>	<u>19,490,041</u>

### **Note 15. Construction Commitment**

The District has entered into construction contracts totaling \$706,813. As of June 30, 2022, \$569,097 of expense has been incurred against the contracts. The remaining balance will be paid as work on the project continues.

**REQUIRED SUPPLEMENTARY INFORMATION**

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND  
CHANGES IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
AND PROPRIETARY FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2022

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 12,223,379	61,248	12,284,627	12,288,044	12,288,044	(3,417)
State sources	12,260,244	6,331	12,266,575	12,032,889	12,032,889	233,686
Federal sources	3,133,841	1,209,894	4,343,735	2,795,000	2,795,000	1,548,735
Total revenues	27,617,464	1,277,473	28,894,937	27,115,933	27,115,933	1,779,004
Expenditures/Expenses:						
Instruction	14,938,101	-	14,938,101	13,690,000	14,100,000	(838,101)
Support services	9,432,473	3,222	9,435,695	8,723,800	8,723,800	(711,895)
Non-instructional programs	104,251	1,008,125	1,112,376	712,500	1,200,000	87,624
Other expenditures	3,620,215	-	3,620,215	3,686,858	4,000,000	379,785
Total expenditures/expenses	28,095,040	1,011,347	29,106,387	26,813,158	28,023,800	(1,082,587)
Excess (Deficiency) of revenues over (under) expenditures/expenses	(477,576)	266,126	(211,450)	302,775	(907,867)	696,417
Other financing sources, net	1,185,116	104,002	1,289,118	(355,169)	(355,169)	1,644,287
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	707,540	370,128	1,077,668	(52,394)	(1,263,036)	2,340,704
Balances beginning of year	10,150,970	(182,637)	9,968,333	9,544,179	9,544,179	424,154
Balances end of year	\$ 10,858,510	187,491	11,046,001	9,491,785	8,281,143	2,764,858

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FAIRFIELD 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 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 functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$1,210,642.

During the year ended June 30, 2022, the District exceeded the certified budgeted amounts in the instruction and support services functional areas, as well as in total.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY IOWA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST EIGHT YEARS\*  
REQUIRED SUPPLEMENTARY INFORMATION

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.062796%	0.155756%	0.157441%	0.153459%	0.158491%	0.162002%	0.164056%	0.166239%
District's proportionate share of the net pension liability	\$ 216,788	10,941,463	9,116,880	9,711,256	10,557,507	10,195,289	8,105,137	6,592,893
District's covered payroll	\$ 12,551,621	12,360,424	11,981,873	11,534,569	11,856,349	11,625,857	11,245,610	10,877,984
District's proportionate share of the net pension liability as a percentage of its covered payroll	1.73%	88.52%	76.09%	84.19%	89.05%	87.69%	72.07%	60.61%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYTEM  
FOR THE LAST TEN YEARS  
REQUIRED SUPPLEMENTARY INFORMATION

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 1,197,976	1,184,873	1,166,824	1,131,089	1,030,037	1,058,772	1,038,189	1,004,233	971,404	932,097
Contributions in relation to the statutorily required contribution	(1,197,976)	(1,184,873)	(1,166,824)	(1,131,089)	(1,030,037)	(1,058,772)	(1,038,189)	(1,004,233)	(971,404)	(932,097)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 12,683,191	12,551,621	12,360,424	11,981,873	11,534,569	11,856,349	11,625,857	11,245,610	10,877,984	10,750,830
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY, RELATED RATIOS AND  
NOTES FOR THE LAST FIVE YEARS  
REQUIRED SUPPLEMENTARY INFORMATION

	2022	2021	2020	2019	2018
Service cost	\$ 124,893	121,475	109,322	105,625	101,689
Interest cost	24,729	23,843	40,635	41,144	39,478
Differences between expected and actual experiences	(106,955)	-	(153,880)	-	-
Changes in assumptions	(75,873)	3,787	1,532	32,242	(22,998)
Benefit payments	(70,731)	(102,327)	(81,512)	(88,220)	(69,934)
Net change in total OPEB liability	(103,937)	46,778	(83,903)	90,791	48,235
Total OPEB liability beginning of year	1,055,314	1,008,536	1,092,439	1,001,648	953,413
Total OPEB liability end of year	<u>\$ 951,377</u>	<u>1,055,314</u>	<u>1,008,536</u>	<u>1,092,439</u>	<u>1,001,648</u>
Covered-employee payroll	\$ 10,955,141	11,831,000	11,430,743	11,349,000	10,912,719
Total OPEB liability as a percentage of covered-employee payroll	8.68%	8.92%	8.82%	9.63%	9.18%

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

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 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%
Year ended June 30, 2017	3.58%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION - CASH BASIS  
DISCRETELY PRESENTED COMPONENT UNIT (UNAUDITED)  
FEBRUARY 28, 2022

	<u>Education Foundation of Fairfield Public Schools, Inc.</u>
<b>Assets</b>	
Cash and pooled investments	<u>\$ 3,048,310</u>
<b>Liabilities</b>	<u>-</u>
<b>Net Position</b>	
Unrestricted	<u>\$ 3,048,310</u>
<b>Total net position</b>	

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - CASH BASIS  
DISCRETELY PRESENTED COMPONENT UNIT (UNAUDITED)  
YEAR ENDED FEBRUARY 28, 2022

	<u>Education Foundation of Fairfield Public Schools, Inc.</u>
Revenues:	
Contributions	\$ 1,120,305
Interest	33,982
Realized gain on investments	164,051
Total revenues	<u>1,318,338</u>
Expenditures:	
Grants	90,359
Other expenses	20,985
Total expenditures	<u>111,344</u>
Change in net position before other financing uses	1,206,994
Other financing uses:	
Net unrealized loss on investments	<u>(144,632)</u>
Change in net position	1,062,362
Net position beginning of year	<u>1,985,948</u>
Net position of end of year	<u><u>\$ 3,048,310</u></u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**Fairfield Community School District**

## **SUPPLEMENTARY INFORMATION**

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

	Special Revenue		
	Student Activity	Debt Service	Total Nonmajor
<b>Assets</b>			
Cash and pooled investments	\$ 325,805	839,601	1,165,406
Receivables:			
Property tax:			
Delinquent	-	5,151	5,151
Accounts	96	-	96
<b>Total assets</b>	<b>\$ 325,901</b>	<b>844,752</b>	<b>1,170,653</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 24,463	-	24,463
Deferred inflows of resources:	-	-	-
Fund balances:			
Restricted for:			
Debt service	-	844,752	844,752
Student activities	301,438	-	301,438
Total fund balances	301,438	844,752	1,146,190
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 325,901</b>	<b>844,752</b>	<b>1,170,653</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

	<u>Special Revenue</u>		
	<u>Student Activity</u>	<u>Debt Service</u>	<u>Total Nonmajor</u>
Revenues:			
Local sources:			
Local tax	\$ -	480,756	480,756
Other	373,087	439	373,526
State sources	-	6,562	6,562
Total revenues	<u>373,087</u>	<u>487,757</u>	<u>860,844</u>
Expenditures:			
Current:			
Instruction:			
Other	358,032	-	358,032
Long-term debt:			
Principal	-	1,484,272	1,484,272
Interest and fiscal charges	-	163,428	163,428
Total expenditures	<u>358,032</u>	<u>1,647,700</u>	<u>2,005,732</u>
Excess (Deficiency) of revenues over (under) expenditures	15,055	(1,159,943)	(1,144,888)
Other financing sources:			
Transfer in	-	1,165,806	1,165,806
Change in fund balances	15,055	5,863	20,918
Fund balances beginning of year	<u>286,383</u>	<u>838,889</u>	<u>1,125,272</u>
Fund balances end of year	<u>\$ 301,438</u>	<u>844,752</u>	<u>1,146,190</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUND ACCOUNTS  
JUNE 30, 2022

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 1,242,117	891,416	2,133,533
Receivables:			
Property tax:			
Delinquent	-	9,500	9,500
Succeeding year	-	891,736	891,736
Due from other governments	135,490	-	135,490
<b>Total assets</b>	<b>\$ 1,377,607</b>	<b>1,792,652</b>	<b>3,170,259</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	891,736	891,736
Fund balances:			
Restricted for:			
School infrastructure	1,377,607	-	1,377,607
Physical plant and equipment	-	900,916	900,916
Total fund balances	1,377,607	900,916	2,278,523
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,377,607</b>	<b>1,792,652</b>	<b>3,170,259</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUND ACCOUNTS  
 YEAR ENDED JUNE 30, 2022

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	886,679	886,679
Other	695	1,506	2,201
State sources	1,930,556	12,101	1,942,657
Total revenues	1,931,251	900,286	2,831,537
Expenditures:			
Current:			
Support services:			
Instructional staff	-	462,964	462,964
Administration	178	25,912	26,090
Operation and maintenance of plant	140,972	-	140,972
Transportation	-	1,210,860	1,210,860
Non-instructional programs			
Food service operations	97,196	-	97,196
Capital outlay	1,192,234	-	1,192,234
Total expenditures	1,430,580	1,699,736	3,130,316
Excess (Deficiency) of revenues over (under) expenditures	500,671	(799,450)	(298,779)
Other financing sources (uses):			
Bus lease proceeds	-	1,123,508	1,123,508
Transfer out	(739,009)	(426,797)	(1,165,806)
Total other financing sources (uses)	(739,009)	696,711	(42,298)
Change in fund balances	(238,338)	(102,739)	(341,077)
Fund balances beginning of year	1,615,945	1,003,655	2,619,600
Fund balances end of year	\$ 1,377,607	900,916	2,278,523

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
YEAR ENDED JUNE 30, 2022

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfer	Balance End of Year
HS Drama	\$ 9,238	3,302	7,389	-	5,151
MS Drama	7,315	1,523	1,641	-	7,197
HS Vocal Music	6,667	4,628	10,025	-	1,270
MS Vocal Music	2,817	-	-	-	2,817
HS Band 1000	2,516	9,655	10,534	-	1,637
MS Band	3,222	2,424	2,995	-	2,651
HS Musical	12,236	3,453	721	-	14,968
HS Athletics	47,693	155,373	145,366	(1,239)	56,461
MS Athletics	5,522	7,674	12,458	-	738
MS Archery	369	-	-	-	369
Cross Country Fundraising	3,006	514	267	-	3,253
Boys Basketball	-	310	215	-	95
Football	838	738	-	-	1,576
Boys Soccer	588	289	892	15	-
Baseball	12,618	3,766	5,496	-	10,888
Boys Track	251	170	219	-	202
Boys Golf	1,755	897	899	-	1,753
Wrestling Team	6,687	59	1,177	-	5,569
Girls Basketball	953	186	127	-	1,012
Volleyball	6,569	5,664	5,368	-	6,865
Girls Soccer	905	614	1,726	207	-
Softball	1,485	2,813	300	-	3,998
Girls Track	78	170	109	-	139
Girls Tennis	904	634	540	-	998
Girls Golf	174	240	124	-	290
HS Swim Team	1,038	717	823	-	932
Special Olympics	6,151	-	104	-	6,047
MS Student Council	5,525	4,318	4,269	-	5,574
MS Service Club	62	-	-	-	62
MS Activity Ticket	1,100	155	-	-	1,255
MS Dance & Drill	-	500	312	-	188
MS Goal	3,816	-	-	-	3,816
MS Cheerleader	2,331	121	598	-	1,854
MS Yearbook	3,243	351	2,994	-	600
HS Interest	2,454	385	-	-	2,839
FMS Concessions	869	955	786	-	1,038
FMS Robotics	325	-	-	-	325
HS FBLA Club	8,225	26,487	25,643	-	9,069
HS FCA Club	5,306	150	958	-	4,498
HS Bowling	6,812	217	768	-	6,261
HS Concessions	-	25,102	17,631	-	7,471
HS Cheerleaders	1,721	1,130	966	-	1,885
HS Los Gringos	1,616	-	-	-	1,616
HS FFA	17,477	53,601	36,676	-	34,402
HS Dance-Drill	589	1,541	1,602	-	528
HS Quill	1,607	5,025	7,108	476	-
HS Student Council	4,909	2,334	5,678	-	1,565
HS Torch Club	-	-	490	490	-
HS Troy Banner	1,214	-	-	-	1,214
HS SADD Club	930	-	-	-	930
HS Class of 2020	2,796	-	-	-	2,796
HS Class of 2022	327	-	-	-	327
HS Class of 2023	2,128	1,985	1,456	-	2,657
HS Wall of Honor	5,814	4,700	305	-	10,209
Silent Knights Invisible Art Club	261	-	-	-	261
HS Wrestling Cheerleading	1,573	107	179	-	1,501
HS Chef Club	58	-	-	-	58
HS Speech/Forensics	6,034	630	948	-	5,716
HS Thespians Club	-	-	51	51	-
HS Activity Ticket	28,814	15,855	-	-	44,669
HS Renaissance Balance	250	-	-	-	250
Gender & Sexuality Alliance	41	-	-	-	41
Esports	26,561	21,625	39,099	-	9,087
Total	\$ 286,383	373,087	358,032	-	301,438

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY FUND, PRIVATE PURPOSE TRUST ACCOUNTS  
 YEAR ENDED JUNE 30, 2022

Account	Net Position Beginning of Year	Additions	Deductions	Net Position End of Year
Miscellaneous Scholarship	\$ 300	13,437	370	13,367
FFA Scholarship	500	500	250	750
Student Council Scholarship	1,911	-	405	1,506
Pepsi Scholarship	500	1,000	500	1,000
Total	<u>\$ 3,211</u>	<u>14,937</u>	<u>1,525</u>	<u>16,623</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Local sources:										
Local tax	\$ 10,535,795	10,525,085	10,993,014	10,534,951	10,275,422	10,157,799	9,635,755	9,527,502	9,540,533	11,183,080
Tuition	920,447	995,561	775,146	944,349	822,603	915,490	868,880	896,359	917,017	798,838
Other	767,137	560,827	666,229	984,697	1,074,741	799,440	827,113	778,322	656,862	950,363
State sources	12,260,244	11,870,880	11,938,479	11,388,648	11,253,118	11,618,358	11,694,551	10,796,624	10,612,453	8,852,339
Federal sources	3,133,841	1,299,472	877,188	969,440	883,237	957,468	975,248	1,008,373	995,785	987,475
Total	\$ 27,617,464	25,251,825	25,250,056	24,822,085	24,309,121	24,448,555	24,001,547	23,007,180	22,722,650	22,772,095
Expenditures:										
Instruction:										
Regular	\$ 7,864,450	7,287,018	6,976,524	6,819,926	7,073,365	7,323,814	7,375,753	7,246,067	7,244,655	7,120,502
Special	4,360,366	4,091,956	4,483,103	4,131,054	3,532,816	3,325,046	3,132,783	3,204,764	3,152,370	3,069,967
Other	2,713,285	2,413,316	1,175,791	2,315,035	2,210,698	2,061,386	1,957,468	2,049,687	1,937,847	2,103,766
Support services:										
Student	622,782	569,773	560,105	555,119	496,390	466,760	476,694	501,411	487,047	461,271
Instructional staff	1,973,423	1,760,935	1,270,629	1,360,804	1,332,021	1,956,955	1,567,410	1,025,159	1,000,516	901,368
Administration	2,439,846	2,522,049	2,212,356	1,996,231	1,982,174	1,917,389	1,968,453	1,968,014	1,920,816	1,899,118
Operation and maintenance of plant	2,413,185	2,023,567	2,001,414	1,923,021	2,056,013	1,944,192	1,972,867	1,890,550	1,972,449	1,657,046
Transportation	1,983,237	900,167	747,831	1,261,479	969,820	1,090,978	997,009	1,211,148	1,242,184	1,190,210
Non-instructional programs	104,251	2,820	2,903	2,234	11,349	8,783	11,849	1,978	2,427	14,877
Capital outlay	1,192,234	362,612	317,789	2,281,346	5,273,448	1,546,303	2,918,747	10,540,147	1,885,312	3,606,610
Long-term debt:										
Principal	1,484,272	4,036,000	2,947,756	2,087,197	1,014,715	1,005,395	820,000	600,000	520,000	150,000
Interest	163,428	340,678	470,519	357,921	475,375	433,537	444,220	428,029	393,557	151,631
Other expenditures:										
AEA flowthrough	780,281	769,954	760,009	725,628	728,361	711,732	715,566	698,538	688,171	662,475
Total	\$ 28,095,040	27,080,845	23,926,729	25,816,995	27,156,545	23,792,270	24,358,819	31,365,492	22,447,351	22,988,841

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY22	276,223
National School Lunch Program	10.555	FY22	843,598 *
Summer Food Service Program for Children	10.559	FY22	59,459
Total Child Nutrition Cluster			1,179,280
School Lunch Equipment Grants Stabilization	10.579	FY22	30,000
Pandemic EBT Administrative Costs	10.649	FY22	614
Total U.S. Department of Agriculture			1,209,894
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY22	385,336
Twenty-first Century Community Learning Centers	84.287	FY22	38,778
English Language Acquisition State Grants	84.365	FY22	2,253
Supporting Effective Instruction State Grants	84.367	FY22	81,151
Student Support and Academic Enrichment Program	84.424	FY22	38,902
Education Stabilization Fund:			
Rethink K-12 Education Models Discretionary Grant	84.425B	FY22	10,610
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	FY22	50,107
COVID-19, Elementary and Secondary School Relief (ESSER) Fund	84.425D	FY21	1,063,283
COVID-19, American Rescue Plan - Elementary and Secondary School			
Emergency Relief Fund	84.425U	FY22	990,684
Total Education Stabilization Fund:			2,114,684
Passed through Great Prairie Area Education Agency:			
Special Education - Grants to States	84.027	FY22	81,681 **
COVID-19, American Rescue Plan - Special Education - Grants to States	84.027X	FY22	12,601 **
Career and Technical Education - Basic Grants to States	84.048	FY22	25,560
Total U.S. Department of Education			2,780,946
U.S. Department Of Homeland Security:			
Passed through Iowa Department of Homeland Security and Emergency Management:			
Public Assistance Grants (FEMA Disaster Assistance)	97.036	FY22	10,260
Total			\$ 4,001,100

\* - Includes \$81,117 of non-cash awards

\*\* - Total for Special Education (84.027) is \$94,282.

**Basis of Presentation** - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Fairfield Community School District under programs of the federal government for the year ended June 30, 2022. The information on 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 selected portion of the operations of Fairfield Community School District, it is not intended to and does not represent the financial position, changes in financial position or cash flows of Fairfield 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 allowed or are limited as to reimbursement.

**Indirect Cost Rate** - Fairfield Community School District did not elect to use a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
115 North 3rd Avenue West, Newton, Iowa 50208-3218  
Telephone (641) 792-1910

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 Fairfield Community School District:

We have audited, 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, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Fairfield Community School District as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fairfield Community School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fairfield Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fairfield 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 Fairfield 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 which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

*Members American Institute & Iowa Society of Certified Public Accountants*

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

#### Fairfield Community School District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedure on Fairfield Community School District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Fairfield 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 Fairfield 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.

  
NOLTE, CORNMAN & JOHNSON, P.C.

January 22, 2024  
Newton, Iowa

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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 Fairfield Community School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fairfield 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 each of Fairfield Community School District's major federal programs for the year ended June 30, 2022. Fairfield Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with 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 Fairfield 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 Fairfield 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 judgement made by a reasonable user of the report on compliance about Fairfield 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 judgement 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 Fairfield Community School District's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of Fairfield 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 Fairfield 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 weakness 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.

  
NOLTE, CORNMAN & JOHNSON, P.C.

January 22, 2024  
Newton, Iowa

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) 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 programs were noted by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which is required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) Major programs were as follows:
  - Assistance Listing Number 84.425 - Education Stabilization Fund
  - Assistance Listing Number 84.010 - Title I Grants to local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Fairfield Community School District qualified as a low-risk auditee.

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No matters were noted.

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

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

FAIRFIELD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022

**Part IV: Other Findings Related to Required Statutory Reporting:**

2022-A Certified Budget - Expenditures for the year ended June 30, 2022 exceeded the amounts budgeted in the instruction and support services functional areas along with the budget in total.

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

Response - Previous board treasurer is no longer with the district at receipt of this report. District is working towards a comprehensive budget process that is transparent and in accordance with Chapter 24.9 of the Code of Iowa.

Conclusion - Response accepted.

2022-B Questionable Expenditures - District funds are required to be spent for a public purpose. During our audit we noted instances of purchases that may not meet public purpose as defined in an Attorney General's opinion dated April 25, 1979. We noted an instance of the District paying a fee for a deficit bank account. Fees would not appear to meet public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review procedures to ensure that bank accounts do not go deficit.

Response - The District is working to consolidate bank accounts to provide better oversight and a budget reduction to address timing in receipts.

Conclusion - Response accepted.

2022-C 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.

2022-D Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Janice Kaufman, Secretary Spouse owns Fairfield Health Products	Supplies	\$200

In accordance with an Attorney General's opinion dated November 9, 1976, the above transactions with spouses of District employees do not appear to represent conflicts of interest.

2022-E 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.

2022-F Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

2022-G Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

2022-H Certified Enrollment - We noted the enrollment data certified to the Iowa Department of Education was overstated by 1.0 students and the ELL data certified to the Iowa Department of Revenue was overstated by 0.21.

Recommendation - The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.

Response - The District's auditors will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.

Conclusion - Response accepted.

2022-I Supplementary Weighting - We noted no variances regarding supplementary weighting data certified to the Iowa Department of Education.

2022-J Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

2022-K Certified Annual Report - The Certified Annual Report was filed with the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

2022-L Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

2022-M Statewide Sales, Services and Use Tax - No instances of non-compliance 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, 2022, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 1,615,945
Revenues:		
Sales tax revenues	\$ 1,930,556	
Other local revenues	695	1,931,251
Expenditures/transfers out:		
School infrastructure construction	1,192,234	
Equipment	140,972	
Other	97,374	
Transfers to other funds:		
Debt service fund	739,009	2,169,589
Ending balance		\$ 1,377,607

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

2022-N Student Activity Fund - We noted ten accounts in the Student Activity Fund that have been inactive for over three years. Those accounts are MS Archery, MS Service Club, FMS Robotics, HS Los Gringos, HS Troy Banner, Silent Knights, HS Chef's Club, HS Class 2020 Organ, HS Renaissance and Gender & Sexuality Alliance.

Recommendation - The District should review these accounts and determine the appropriate disposition of the remaining balances.

Response - The old School Business Official is not present by receipt of audit, but for the 23-24 school year accounts have been reconciled and consolidated.

Conclusion - Response accepted.

2022-O Board Policies - We noted during our audit District board policies, which appear to be out of date. All board policies should be reviewed every five years and documented in the District's minutes as well as the board policy itself when each policy is approved and reviewed.

Recommendation - The District should review its official board policies book and updated all policies that have not been updated within the past five years. The District should take steps to review board policies in a timely manner.

Response - District has hired a human resource manager to research and update policies throughout the District in accordance with law and legislation.

Conclusion - Response accepted.