

WEST HANCOCK COMMUNITY SCHOOL DISTRICT
BRITT, IOWA

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

YEAR ENDED JUNE 30, 2018

Cornwell, Frideres, Maher & Associates, P.L.C.
 Certified Public Accountants

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Schedule of Findings

West Hancock Community School District Britt, Iowa

Officials

Term Name Title Expires

Board of Education

(Before September 2017 Election)

Jay Burgardt President 2017

Gary Chizek Vice President 2017 Ryan Hiscocks Board Member 2019 Todd Hammer Board Member 2019 Jon Harle Board Member 2019
Board Member 2019 Leah Deutsch Board Member 2019

(After September 2017 Election)

Ryan Johnson President 2019

Ryan Hiscocks Vice President 2019 Angie Johnson Board Member 2021 Todd Hammer Board Member 2019 Jon Harle Board Member 2019
Burgardt Board Member 2021 Leah Deutsch Board Member 2019

School Officials

Wayne Kronemann Superintendent Indefinite

Mona Buns District Secretary/Treasurer Indefinite
and Business Manager

Rick Engel Attorney Indefinite

Cornwell, Frideres, Maher & Associates, P.L.C.

To the Board of Education of
Certified **Public** Accountants

Lowell W. Cornwell, C.P.A.
lwcornwell@frontiernet.net

Christine R Frideres, C.P.A. crfrideres@frontiernet.net

Independent Auditor's Report

Jerilyn J. Maher, C.P.A. jjmaher@frontiernet.net

Jerilyn J. Maher, C.P.A. jjmaher@frontiernet.net

714 14th Avenue North Fort Dodge, IA 50501-7098 Phone 515.955.4805 Fax 515.955.4673

West Hancock Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, and the aggregate remaining fund information of West Hancock Community School District, Britt, Iowa, as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the governmental activities, the business type activities, each major fund and the aggregate financial position of West Hancock Community School District as of June 30, 2018, and the respective changes in financial position where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 13 to the financial statements, West Hancock Community School District adopted new accounting standards related to Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Control Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions, the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 13 and 50 through 52 presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consist of management about the methods of preparing the information and comparing the information for consistency with responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the 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.

3 Cornwell, Frideres, Maher & Associates, P.L.C. Certified Public Accountants

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Hancock Community School District's basic financial statements. We previously audited, in accordance with the standards of the American Institute of Certified Public Accountants, the financial statements for the eight years ended June 30, 2017 (which are not presented in this report), and we expressed unmodified opinions on those financial statements. Other auditors previously audited, in accordance with the standards of the American Institute of Certified Public Accountants, the financial statements for the years ended June 30, 2016 through 2012, and we expressed unmodified opinions on those financial statements.

referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2009 (which is included herein) and expressed unmodified opinions on those financial statements. The supplementary information included through 9, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2019 on our audit of West Hancock Community School District's internal control over financial reporting and on our tests of its compliance with the provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to report on the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to express an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is a separate report of an audit performed in accordance with Government Auditing Standards in considering West Hancock Community School District's internal control over financial reporting and compliance.

March 29, 2019

Cornwell, Frideres, Maher & Associates, P.L.C. Certified Public Accountants

Cornwell, Frideres, Maher & Associates, P.L.C. Certified Public Accountants

Management Discussion and Analysis

The West Hancock Community School District provides this Management's Discussion and Analysis of its financial statements.

overview and analysis of the financial activities is for the fiscal year ended June 30, 2018. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

The District implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Defined Pension and Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities and business-type activities was restated by \$128,644 and \$29,751, respectively, to retroactively report the decrease in the OPEB liability as of July 1, 2017. Other than the fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate the net position was not available.

General Fund revenues for fiscal 2018 were \$6,915,075 while General Fund expenditures were \$6,993,454; this resulted in a decrease in the District's General Fund balance from \$1,643,410 in fiscal 2017 to \$1,563,031 in fiscal 2018, or a \$78,379 decrease from the prior year.

The decrease in General Fund balance was attributable to an increase in support services expenditures.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District's financial position.

The first two statements are government-wide financial statements that provide both *short-term* and *long-term* information about the District's *overall* financial status. The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting on the District's operations in *more detail* than the government-wide statements. The statements for *governmental funds* explain how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending. The statements for *enterprise funds* offer short-term and long-term financial information about the activities the District operates like businesses, such as food service.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with the District's budget for the year.

Government-wide Financial Statements

The government-wide statements report information about the district as a whole using accounting methods similar to those used by private sector companies. The

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statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how it has changed. Net position - the difference between total assets and liabilities - are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's

base and the condition of school building and other facilities.

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular

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 repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other 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. Governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources available to be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between

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

Proprietary funds: proprietary funds. statements. Services for which the District charges a fee are generally reported in Proprietary funds are reported in the same way as the government-wide

- The District's *enterprise funds* (one type of proprietary fund) are the same as its business type activities but provide more detail and additional information such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund and the Preschool Fund.

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Financial Analysis of the District as a Whole

Net assets. - Figure A-1 below provides a summary of the District's net assets for the year ended June 30, 2018, compared to June 30, 2017.

Figure A-1

Condensed Statement of Net Assets (in millions of dollars) June 30, 2018

Governmental Business .. type Total

Activities Activities School District

2017 2017 2017

2018 (Not 2018 (Not 2018 (Not
restated) restated) restated)

Current and other assets 9.313 7.410 .050 .035 9.363 7.445

Capital assets 8.789 9.059 .012 .017 8.801 9.076

Total assets 18.102 16.469 .062 .052 18.164 16.521

Deferred outflows of resources 1.084 0.929 .026 .022 1.110 0.951

Long-term debt outstanding 8.117 6.806 .098 .097 8.215 6.903

Other liabilities .194 .235 .004 .005 .198 .240

Total liabilities 8.311 7.041 .102 .102 8.413 7.143

Deferred Inflows of Resources 3.595 3.512 .003 .002 3.598 3.514

Net assets

Invested in capital assets,

net of related debt 4.422 5.859 .012 .017 4.434 5.876

Restricted 2.722 1.048 2.722 1.048

Unrestricted .136 1.061) 1.029) 1.047) .107 1.108\

Total net assets 7.280 6.846 (.017) (.030) 7.263 6.816

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Changes in net assets - Figure A-2 shows the changes in net assets for the year ended June 30 2018.

Figure A-2

Changes in Net Assets from Operating Results (in millions of dollars)

Governmental Business-type Total

Activities Activities School District

..... Charges for Services

15 10 -Other 10 · · · · · linear (State Aid) 5 1 0

Figure A-4 The following graph presents the total Expenditures for the District's major governmental activities: instruction, student services, administration & business operations & maintenance, transportation and AEA flow thru.

70 -- 62

60 50

0. 1:: (ii u "' 40 30 20 10 0

Expenditure - Fiscal 2018

III Instruction

u Student & Instructional Services  5 10

9 10 1 ~ -

ii Administration & Business
Operation & Maintenance

iii Transportation

iiii Other 2

Axis Title

Figure A-5 presents the cost of six major district activities: instruction, pupil and instructional services, The table administration and activity's business, *net* maintenance *cost* (total cost and less operations, fees generated transportation, by the activity intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's tax

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Total \$ 8.307

Figure A-5 Net Cost of Governmental Activities (in millions of dollars)

The cost of all governmental activities this year
was \$8,307,357.

Total Cost of Services ~

Net Cost of Services

2Jl.1.!!

Instruction \$5.072 Pupil & Instructional Services
.436 Administrative & Business .851 Maintenance
& operations .783 Transportation .320 Other .845

\$ 3.348 .255 .849 .783 .298 .590 \$ **6.123**

Some of the cost was financed by the users of the District's programs in the amount of \$806,469

The federal and state governments subsidized certain programs with grants and contributions \$1,378,249.

Most of the District's costs were financed by District and state taxpayers.

This portion of governmental activities was financed with \$3,450,283 in property taxes, \$306,734 of income surtax, \$526,672 of unrestricted state aid based on the statewide finance formula, and investment earnings.

Business Type Activities

Revenues from the District's business-type activities included charges for services in the amount of \$127,356 and \$167,488 from contributions and restricted interest. Expenses from the District's business type activities amounted to \$288,984. The Hot Lunch is the main Business Type Activity for the District during the 2018 school year.

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Financial Analysis of the District's Funds

As previously noted, the West Hancock Community School District uses fund accounting to ensure and demonstrate compliance with 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 2018 fiscal year, the governmental funds reported combined fund balance of \$5,347,026 which is \$1,900,096 above last year's ending fund balances of \$3,446,930. The main reason this increased is due to an increase in bond revenues.

Governmental Fund Highlights

The General Fund balance decreased from \$1,643,410 to \$1,565,031 due to an increase in support services expenditures.

The Debt Service Fund balance increased \$1,827,665, due to an increase in bond

revenues.

The Capital projects fund increased \$17 4,502, due to a decrease in expenses.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from a deficit of \$23,086 at June 30, 2017 to a deficit of \$16,920 at June 30, 2018, which is stable.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is the aggregate level, not at the fund or fund type level. A schedule showing the original budget amounts compared to the District's actual financials is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, the budgetary comparison for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison.

Legal Budgetary Highlights

The District's total actual receipts were approximately \$53,041 more than budgeted receipts, which is a 0.6% variance.

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Capital Asset and Debt Administration

Capital Assets

By the end of 2018 the District had invested \$8.8 million, in a broad range of assets, including school buildings, school infrastructure, audio-visual equipment, computer and audio-visual equipment, and administrative offices. (See Figure A-6) **(More detailed information about capital assets is in Note 4 to the financial statements.)** Total depreciation expense for the year was \$508,178.

Figure A-6 Capital Assets (net of depreciation, (in millions of dollars))

Governmental Business Type Total Activities Activities School District

ZI!.II ZI!.II ZI!.II

Land 0.162 0 0.162 Buildings 8.053 0 8.053 Improvements .092 0 .092 Equipment & Furniture 0.482 .012 0.494 8

12

Long-Term Debt

At year-end, the District had \$4,366,362 in general obligation and revenue bonds outstanding. This represents an increase of 36.4% from the previous fiscal year as can be seen in Figure A-7 below.

Figure A-7 Outstanding Long-Term Debt (in millions of dollars)

	Total Percentage Change 2017- 18
Total School District	
ZI!..111 ~	-46.4
General Obligation bonds 0.652 1.216	
Revenue bonds 3.714 1.984 87.2	
Total 4.366 3.200 36.4	

Factors Bearing on the District's Future

The following factors will have some impact on the district's financial future.

The district must expect and plan for a continued enrollment decline of approximately 5% over the next five years.

1. Small surrounding districts that may have to whole grade share or dissolve.
 2. The number of farms in Hancock County continues to decline.
 3. Few new houses have been built in Britt or Kanawha the past few years.
 4. We will have some egg plants being built in the area, so we may have some students from those workers which would help our declining enrollment.
 5. Some small business opportunities exist in the area, so we may see some community growth also.
- Future state funding will be a major factor in the district's future. State and Federal unfunded mandates will determine the degree to which the district will commit itself to effectively manage the fiscal matters of the district.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general view 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, Mona Buns, Board Secretary/Business Manager, West Hancock Community School District, SW., Britt, Iowa 50423

Basic Financial Statements

West Hancock Community School District Britt, Iowa Statement of Net Position June 30, 2018	21,582 Inventories Due from other governments 605,404 Capital assets, net of accumulated depreciation 8,788,934 Total assets 18,101,813
Governmental Activities Assets Cash, cash equivalents and pooled investments \$ 5,166,349 Receivables: Property tax: Delinquent 12,210 Succeeding year 3,507,334 Accounts	Deferred Outflows of Resources Pension related deferred outflows 1,084,271

Liabilities Accounts payable 113,527 Salaries and benefits payable 14,990 **Accrued interest payable** 64,815 **Advances from granters** 466 **Long-term liabilities:**

Portion due within one year:

General obligation bonds (net of \$3,022 unamortized discount) 651,978 **Revenue bonds** 291,000 **Compensated absences** 3,859 **Portion due after one year:**

Revenue bonds (net of \$9,616 unamortized discount) 3,423,384 Net pension liability 3,546,735 Total OPEB liability 200,629 Total liabilities 8,311,383

(continued)

Deferred Inflows of Resources Unavailable property tax revenue 3,507,334 Pension related deferred inflows 80,181 OPEB related deferred inflows 6,970 **Total deferred inflows of resources** 3,594,485

Net position Net investment in capital assets Restricted for:

Categorical funding **Management levy** Physical plant and equipment levy **Other special revenue purposes Debt service Unrestricted**

Total net position

See notes to financial statements.

West Hancock Community School District
Britt, Iowa Statement of Net Position June 30,
2018

14
Exhibit A

Business Type
Activities Total

43,886 5,210,235

12,210 3,507,334 21,582 5,805 5,805 605,404 12,411
9,471,622

62,242 18,164,055

25,610 1,109,881

135 113,662 14,990 64,815 4,239 4,705

651,978 291,000 3,859

4,422,572

149,236 283,154 146,727 2,142,572 135,955 \$ 7,280,216
Exhibit A

12,411 4,434,983
12,411 4,434,983

(2,189,795) (401,088) (

(69,146) (185,542) (849,334) (782,782) (2

(28,700) (191, 161)

(369,851) (5

(6,122,639)

Business Type A

Exhibit B

(2,189,795) (401,088) (

(2,189,795) (401,088) (

(69,146) (185,542) (849,334) (782,782) (2

(69,146) (185,542) (849,334) (782,782) (2

(28,700) (191,161)

(28,700) (191,161)

(369,851) (

(369,851) (

5,860 (6, 116,779)

5,860 (6, 116,779)

June 30, 2018

Debt General Service

Liabilities, Deferred Inflows of Resources and Fund Balances Lia

Accounts payable \$ 108,034 Salaries and benefits payable 14,990 Advances from grantors Total liabilities ----- 123,490 466 D

Unavailable revenues:

Succeeding year property tax 2,499,428 520,375 Income surtax 324,609 Total deferred inflows of resources 2,824,037 - 520,375

Fund balances:

Restricted for:

Categorical funding 144,607 Debt service 2,142,572 School infrastructure Physical plant and equipment Student activities Recreation levy purposes Management levy purposes Un

Total fund balances 1,565,031 2,142,572

**Total liabilities, deferred inflows of
resources and fund balances \$ 4,512,558 2,662,947**

See notes to financial statements.

97,606

97,606

1,060,306 283,154

1,343,460

1,441,066

Nonmajor Total
Nonmajor Total

5,493 113,527 14,990 466 _ 5,49

5,493 113,527 14,990 466 _ 5,49

389,925 3,507,334 324,609 389,925 3,8

389,925 3,507,334 324,609 389,925 3,8

389,925 3,507,334 324,609 389,925 3,8

144,607 2,142,572 1,060,306 283,154 123,405 123,405 23,322 23,322 149,236 149,236 1,420 424 295,963 5,34

144,607 2,142,572 1,060,306 283,154 123,405 123,405 23,322 23,322 149,236 149,236 1,420 424 295,963 5,34

144,607 2,142,572 1,060,306 283,154 123,405 123,405 23,322 23,322 149,236 149,236 1,420 424 295,963 5,34

144,607 2,142,572 1,060,306 283,154 123,405 123,405 23,322 23,322 149,236 149,236 1,420 424 295,963 5,34

691,381 9,307,952

691,381 9,307,952

West Hancock Community School District Britt, Iowa

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

June 30, 2018

Total fund balances of governmental funds (page 20)

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.

Other long-term assets are not available to pay current period expenditures and, therefore, are recognized as deferred inflows of resources in the Statement of Net Position and are not reported in the governmental funds.

Internal Service Fund assets that are to be included with governmental funds. Accrued interest payable on long-term liabilities is reported in the Statement of Net Position and is not reported as a liability in the governmental funds.

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds, as follows:

Exhibit D

\$ 5,347,026

8,788,934

324,609

4,927

(64,815)

Deferred outflows of resources Deferred inflows of resources

Long-term liabilities, including bonds and notes payable, compensated absences, total OPEB liability and net pension liability payable in the current period and, therefore, are not reported in the governmental funds.

Net position of governmental activities (page 17)

See notes to financial statements.

19
1,084,271
(87,151)
997,120
997,120

(8,117,585)

\$ 7,280,216

West Hancock Community School District Britt, Iowa

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Activities

Year ended June 30, 2018

Local sources:

Local tax \$ 2,878,274 498,630 95,724 Tuition 514,956 Other 107,838 6,189 4,968 State sources 3,042,373 9,085 528,415 Federal sources 371,634

Total revenues 6,915,075 513,904 629,107

Expenditures:

Current:

Instruction:

Regular 2,958,784 Special 670,925 Other 1,020,812

.,_4,65Q,511 Support services:

Student 72,127 Instructional staff 354,491 Administration 786,366 Operation and maintenance of plant 604,347 Transportation 270,775 ----- 2 088,106 ----- Other expenditures

Principal 680,000 Interest

254,827 850,544 129,300

Total expenditures 6,993,454 - 850,544 ___ 129,300 Excess (deficiency) of revenues over (under) expenditures _____ J_78,379) _(336,64Q) 499,807 Other financing sources (uses):

Issuance of Bonds 1,839,000 Operating transfers in 325,305 Operating transfers out (325,305) Total other financing sources (uses) 2 164 305 (325,305)

Change in fund balances (78,379) 1,827,665 174,502 Fund balances beginning of year \$ 1,643,410 314,907 1,168,958

Fund balances end of year \$ 1,565,031 2,142,572 1,343,460

See notes to financial statements. 20

Exhibit E

Nonmajor Total

289,144 3,761,772 514,956 265,340 384,335 5

559,752 8,617,838

47,465 3,006,249 670

329,001 4,979,522

72,127 354,491 46,086 832,452 158,271 7

225,743 ___ bl!3,849

129,300 28,700 28,700

680,000 170,544 254,827

28,700 1,263,371

583,444 8,556,742

(23,692) 61,096

1,839

1,839,000

(23,692) 1,900,096 319,655 3,446,930

295,963 5,347,026

West Hancock Community School District Britt, Iowa

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Net Position

Year ended June 30, 2018

Net change in fund balances - total governmental funds (page 22)

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 Net Position and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Exhibit F

\$ 1,900,096

Expenditures for capital assets Depreciation expense

Income surtaxes and other receivables not collected for several months after year end are not considered available revenue and are deferred in the governmental funds Statement of Net Position.

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the governmental funds 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 governmental funds Statement of Net Position. Current year repayments exceeded issues, as follows:

Issued Repaid Amortize bond discount costs

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.

The current year District employer share for IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred liability in the Statement of Net Position.

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

Compensated absences Pension expense OPEB expense

Internal Service Fund transactions are not reported in the General Fund as revenues and expenditures, however the General Fund is the source of these the expenditures.

Change in net position of governmental activities (page 19)

See notes to financial statements. 21

\$ 232,986

(503, 129)

(1,839,000)

680,000

(6,913)

(270,143)

(270,143)

(4,756)

(1,165,913)

(1,165,913)

8,85

(13,704)

354,723

(499,505)

(499,505)

4,927

\$ 305,725

West Hancock Community School District Britt, Iowa

Statement of Net Position Proprietary Fund

Assets Current assets:

June 30, 2018

Cash, cash equivalents and pooled investments Accounts Receivable Due from other governments Inventories

Total current assets

Noncurrent assets:

Capital assets, net of accumulated depreciation

Total noncurrent assets

Total assets

Deferred Outflows of Resources Pension related deferred outflows

Liabilities Current liabilities:

Accounts payable Unearned Revenue

Total current liabilities

Noncurrent liabilities:

Net pension liability Net OPEB liability

Total noncurrent liabilities

Total liabilities

Deferred Inflows of Resources Pension related deferred inflows OPEB related deferred inflows

Total deferred inflows of resources

Net Position

Invested in capital assets Unrestricted

Total net position

See notes to financial statements. 22

\$ \$

Nonmajor Enterprise Funds

43,886 \$ 140

43,886 \$ 140

5,805

5,805

49,831

49,831

12,411 12,411 62,242

12,411 12,411 62,242

12,411 12,411 62,242

12,411 12,411 62,242

25,610

25,610

135 4,239 4,374

135 4,239 4,374

135 4,239 4,374

101,862

101,862

2,712,198
2,712,198
2,910
2,910

12,411 (29,331)
12,411 (29,331)

(16,920)
(16,920)

Inter
Inter
Inter
Inter

4,927
4,927
4,927

4,927
4,927
4,927

4,927

4,927
4,927

4,927
4,927
4,927

Exhibit G

West Hancock Community School District Britt, Iowa
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Fund

Year ended June 30, 2018

Operating revenues:

Local sources:

Charges for service **Miscellaneous**

Operating expenses:

Instruction: Regular

Non-instructional programs: Food service operations:

Salaries Benefits Purchased services Supplies Depreciation

Total operating expenses

Operating loss

Non-operating revenues:

State sources Federal sources Interest income

Total non-operating revenues

Increase in net position

Net position beginning of year, as restated Net position end of year

See notes to financial statements. ²³

\$ \$

Exhibit H

Nonmajor

Internal Enterprise

Service Funds

Fund

126,749 \$ 4,927

608 127,357 4,927

7,822

91,128 40,885 4,786 139,314 5,049

(161,627) 4,927

2,582 164

6,166 4,927

(23,086) (16,920) 4,927

West Hancock Community School District

Statement of Cash Flows Proprietary Fund

Year ended June 30, 2018

Cash flows from operating activities:

Cash received from sale of lunches and breakfasts Cash received from other services Cash paid to employees for services Cash paid to suppliers for goods or services Net cash used by operating activities

Cash flows from non-capital financing activities:

State grants received Federal grants received

Net cash provided by non-capital financing activities

Cash flows from investing activities: Acquisition of Capital Assets **Interest on investments**

Net decrease in cash and cash equivalents

Cash and cash equivalents beginning of year

Cash and cash equivalents end of year

24

\$ \$

Exhibit I

Nonmajor

Internal Enterprise

Service Funds

Fund 118,267

\$ 608

4,927 (128,001) (124,890) (134,016)

4,927

2,582 145 342 147,924

306

14,214

4,927

29,672

4 3 ,886 ~\$ ~4=,9~2~7

West Hancock Community School District

Statement of Cash Flows Proprietary Fund

Year ended June 30, 2018

Reconciliation of operating loss to net cash used by operating activities:

Operating loss Adjustments to reconcile operating loss

to net cash used by operating activities:

Commodities used Depreciation (Increase) in accounts receivable **Decrease in inventories** (Decrease) in accounts payable (Decrease) in revenue (Decrease) in net pension liability (Increase) in deferred outflows of resources Increase in deferred inflows of resources OPEB liability

Net cash used by operating activities

Non-cash investing, capital and financing activities:

Nonmajor Enterprise Funds

(161,627) \$

19,563 5,049

(70) (393)

40 (590) 6,61

62

(134,016) \$

\$ \$

\$ \$

\$ \$

\$ \$

\$ \$

\$ \$

\$ \$

\$ \$

\$ \$

Exhibit I

Internal Ser

Internal Ser

Internal Ser

Internal Ser

Internal Ser

4,927
4,927
4,927

During the year ended June 30, 2018, the District received \$19,563 of federal commodities.

See notes to financial statements.

25

West Hancock Community School District
Britt, Iowa Statement of Fiduciary Funds
Accounts payable

Year Ended June 30, 2018

Total liabilities

Net Position

Private Purpose Trust Fund \$

See notes to financial statements.

Assets

Cash, cash equivalents and pooled investments \$

Total assets

Liabilities

	2 Change in net position
	6
Private Purpose Trusts	Net position beginning of year
9,065	Net position end of year
9,065	See notes to financial statements.

9,065

Exhibit J

West Hancock Community School District
Britt, Iowa

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds Year Ended June 30, 2018

27

\$

\$

Additions:	17	10,500
Local sources:		10,517
Interest on investments	17	10,500
Contributious		10,517
Total additions	17	10,500
		10,517

Deductions:

Instruction:

Scholarships awarded	1,452	1,452
Total deductions	1,452	1,452

9,065
9,065

9,065
9,065

Exhibit K

West Hancock Community School District Britt, Iowa

Notes to Financial Statements

June 30, 2018

(I) Summary of Significant Accounting Policies

West Hancock Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the city of Britt, Iowa, Kanawha, Iowa, and the predominately agricultural territory in a portion of Hancock and Wright 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, West Hancock Community School District has included all funds, organizations, boards, commissions and authorities. The District has also considered all potential component units for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District is such that their 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 (1) the District has a voting majority of an organization's governing body and (2) the ability of the District to impose its will on the organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. West Hancock Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

Notes to Financial Statements

June 30, 2018

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been eliminated 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 services.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, 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 the balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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 are 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 as general revenues.

June 30, 2018

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary funds, and fiduciary funds, though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in 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 agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

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

The District's proprietary funds are both non-major. Details are provided in the supplementary information of the financial report.

The District also reports the following additional proprietary fund:

An Internal Service Fund is utilized to account for the financing of health care coverage self-funded by the District and provided to employees on a cost reimbursement basis.

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

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

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic 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 for 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 when 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 revenues 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 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 resources available to finance the program. It is the District's policy to first apply cost-reimbursement grants 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 to first apply restricted resources and then unrestricted resources.

the District's policy is generally to first apply the expenditure toward restricted fund balance and then to unassigned fund balances - committed, assigned, and then unassigned fund balances.

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

The District maintains its financial records on the cash basis. The financial statements of the District are prepared on the accrual basis by making memorandum adjusting entries to the cash basis financial records.

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

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

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

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

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 purpose of the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the succeeding year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on January 1 of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a liability of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the tax is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year. A 1% per month penalty for delinquent payments; is based on January 1, 2016 assessed property valuations; is for the tax accounting period from January 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in 2017.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various federal grants and reimbursements from other governments.

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

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

Asset Class	Amount
	\$ 2,500
Land Buildings Improvements other than buildings Furniture and equipment:	2,500
School Nutrition Fund equipment Other furniture and equipment	300 2,500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings Improvements other than buildings Furniture and equipment	50 20 5-15

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

West Hancock Community School District

Britt, Iowa

Notes to Financial Statements

June 30, 2018

Salaries and Benefits Payable - Payroll and related expenditures for hourly employees with hours worked in June have been accrued as liabilities.

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements.

liability for these amounts is reported in governmental fund financial statements only for employees who have resigned. Compensated absences liability has been computed on rates of pay in effect at June 30, 2018. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported 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 defered 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 that used by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due 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.

Total OPEB Liability- For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB expense, information has been determined based on the West Hancock Community School 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 and the Enterprise, School Nutrition Fund.

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West Hancock Community School District

Britt, Iowa

Notes to Financial Statements

June 30, 2018

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2018, expenditures exceeded the amounts budgeted in the expenditures function.

F. Estimates:

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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West Hancock Community School District Britt, Iowa

Notes to Financial Statements

June 30, 2018

(2) Cash, Cash Equivalents and Pooled Investments

The District is authorized by statute to invest public funds in obligations of the United States government, in municipal bonds; certificates of deposit or other evidences of deposit at federally insured depository institutions; the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected mortgages; certain registered open-end management investment companies of a drainage district.

At June 30, 2018, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$23,297 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the ISJIT investments. The Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

Interest rate risk- The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not expected to be expended in the current operating funds may be invested in investments with maturities longer than 397 days but the maturities shall not exceed 397 days.

with the needs and use of the District.

Carrying Fair
Amount Value Maturity Government-wide:

United States Treasury Notes -

State and Local Government Series 145,914 145,914 July 2018 State and Local Government Series
January 2019 State and Local Government Series 1,799,720 1,799,720 July 2019

Notes to Financial Statements

June 30, 2018

A reconciliation of cash, cash equivalents and investments as shown on the financial statements of the District is as follows:

	953,130
Depository accounts Certificates of deposit U.S. Treasury	1,975,160
Note- State and Local Government Series Iowa Schools	23,297 \$ 5
Joint Investment Trust Diversified Portfolio	219,300
	\$ 5,210,235
Per Exhibit A	9,065
Per Exhibit J	\$ 521,930
\$ 2,267,713	

Concentration of credit risk- The District's investment policy seeks diversification to reduce overall portfolio risk while maintaining market rates of return to enable the District to meet its anticipated cash requirements. The District has a policy specific to concentration of credit risk. At June 30, 2018, the District had no investments subject to concentration of credit risk.

Custodial credit risk- For deposits, this is the risk that in the event of bank failure, the District's deposits may be lost.

For an investment, this is the risk that in the event of failure of the counterparty, the District will not be able to realize the full value of the investments or collateral securities that are in the possession of the outside party. The District's investments at June 30, 2018 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's investments are held by a custodian in the name of the District.

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

Notes to Financial Statements

June 30, 2018

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2018 is as follows:

Transfer to Debt Service
 Transfer from Capital Project
 Amount

Statewide Sales, Services and Use Tax \$ 325,305

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

(4) Capital Asset

Capital assets activity for the year ended June 30, 2018 was as follows:

Governmental activities: Capital assets not being depreciated:

Land Total capital assets not being depreciated

Capital assets being depreciated:

Buildings **Improvements other than buildings Furniture and equipment**

Total capital assets being depreciated

Less accumulated depreciation for:

Buildings Improvements other than buildings **Furniture and equipment**

Total accumulated depreciation Total capital assets being depreciated, net **Governmental activities capital assets, net**

Balance

Balance Beginning

End of Year

of Year

\$ 162,236

162,236 162,236

162,236

13,703,354

13,832,654 452,998
 452,998 2 939 550
 3,043,236 17 095 902
 17 328 888
 5,439,634
 5,779,336 343,952
 360,949 2415475
 2,561,905 8 199 061
 8 702 190 8 896 841
 8,626,698 9 059 077
 d\,188 934
 39
Increases Decreases
 129,300
 103 686 232,986

339,702 16,997 146 430 503 129 (2

West Hancock Community School District
 Bett, Iowa

Notes to Financial Statements

157,492
 145081
 12 411
 157,492
 145081
 12 411
 157,492
 145081
 12 411

Business type activities:

June 2018
Balance
Beginning of
 Year

5 049 (5
 049)
 5 049 (5
 049)
 5 049 (5
 049)
 5 049 (5
 049)

Balance
 End of
 Year
 Balance
 End of
 Year

Increase
s
Increase
s
Increase
s

Decreases
Decreases
Decreases
Decreases

Furniture and equipment **Less**
accumulated depreciation

Business type activities capital assets,
net

157,492
 140 032

Depreciation expense was charged to the following functions:
Governmental activities:

Instructio
n:

Regular Other Support Services: **Student Services**
Administration Operation and maintenance of
plant Transportation Unallocated Total depreciation
expense - governmental activities Business type
activities:

Food service
operations

5) Long-Term Liabilities

63,718
 8,280

1,362 1,500

13,058 45,360	- 5 049
369 851 J; 503	\$
129	\$

Changes in long-term liabilities for the year ended June 30, 2018 are summarized as follows:

Balance Beginning Balance Due

of Year, End Within **as restated** Additions **Reductions** of Year **One Year Goven1mental activities:** General obligation

refunding bonds \$ 1,215,933 563,955 651,978 (1) 655,000 Revenue bonds Series 2009 1,984,516 109,132 1,875,384 (2) 115,000 Revenue Refundin
1,839,000 1,839,000 176,000

CoInpensated absences 12,717 3,859 12,717 3,859 3,859

Net pension liability 3,265,962 280,773 3,546,735 Total OPEB liability 198,444 2,185 200,629

Total \$ 6,677,572 2,125,817 685,804 8,117,585 949,859

(1) Bonds were sold at a discount; unamortized discount at June 30, 2018 totaled \$3,022. (2) Bonds were sold at a discount; unamortized discount at June 30, 2018 totaled \$9,616.

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West Hancock Community School District Britt, Iowa

Notes to Financial Statements

Balance Beginning Of Year, **as restated**

\$85, 183 5,633

\$90,816

June 30, 2018

Additions **Reductions**

6,610 62

6,672

General Obligation Bonds Payable

Balance End of Year Bus

Net pension liability

91,793 Total OPEB liability

5,695

Total

97,488

Details of the District's June 30, 2018 general obligation bonded indebtedness are

as follows:

Year Bond Issue May 4, 2011 Ending Interest June 30, **Rates Principal Interest** Total 2019 2.50 \$655,000 \$16,375 \$671,375
Total \$655,000 \$16,375 \$671,375

41

Due Within **One Year**

West Hancock Community School District Britt, Iowa

Notes to Financial Statements

June 30, 2018

Revenue Bonds

Details of the District's June 30, 2018 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Bond Issue of Dec 1, 2009 Bond Issue of November 1, 2017 Ending Interest June 30, Rates **Princi2aI Interest Rates** Principal **Interest**

2019 4.00 \$ 115,000 \$ 87,225 2.11% \$176,000 \$ 36,946 2020 4.50 1,770,000 42,319 2.11 167,000 33,328 2021 2.11 275,000 28,664
22,820 2023 2.11 290,000 16,817 2024-26 2.11 652,000 15,592 Total \$ 1,885,000 129,544

Year Total Ending June 30, Princiral **Interest** Total

2019 \$291,000 \$124,171 \$415,171 2020 1,937,000 75,647 2,012,647 2021 275,000 28,664 303,664 2022 279,000 22,820 301,820 2023 290,000 16,817 306,817 2024-26 652,000 15,592 667,592 Total \$ 3,724,000

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,544,000 of bonds issued in 2009 and November 2017. The bonds were issued for the purpose of financing a school infrastructure improvement project. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are due through 2026. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional provisions of the District. Annual principal and interest payments on the bonds are expected to require nearly 79% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$4,007,711. For the current year, the District has paid \$98,754 of interest on the bonds and total statewide sales, services and use tax revenues was \$52,000,000.

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West Hancock Community School District Britt, Iowa

Notes to Financial Statements

June 30, 2018

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

- a) \$218,163 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the p deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the account to be used for any lawful purpose.

(6) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement plan. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial repmi which is available to the at PO Box 9117, Des Moines, Iowa, 50306-9117 or at www.ipers.org.

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

Pension Benefits -A regular member may retire at normal retirement age and receive monthly benefits without an e reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employ

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

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest 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 for 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 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 cost-of-living 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 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 includes the Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase 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 Committee.

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 Level Payroll Amortization Method adopted by the Investment Board.

In fiscal year 2018, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the District contributed 8.93% of covered payroll, for a total rate of 14.88%.

The District's contributions to IPERS for the year ended June 30, 2018 were \$362,812.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
-At June 30, 2018, the District reported a liability of \$3,638,528 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2017, the District's proportion was 0.054622%, which was an increase of 0.001373% from its proportion measured as of June 30, 2016.

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West Hancock Community School District Britt, Iowa

Notes to Financial Statements

June 30, 2018

For the year ended June 30, 2018, the District recognized pension expense of \$510,836. At June 30, 2018, the District reported net outflows of resources and deferred inflows of resources related to pensions from the following sources:

Differences between expected and actual experience

Changes of assumptions

Net difference between projected and actual earnings on IPERS' investments

**Changes in proportion and differences
Deferred Outflows
of Resources**

\$ 33,405

632,208

Deferred Inflows of Resources

31,525

31,525

38,004

\$
\$
\$

**between District contributions and the District's
proportionate share of contributions 81,456**

**District contributions subsequent
13,364**

to the measurement date

Total
\$. 82 8.2.1_
362 812

\$.J.J.1!2 881
\$.J.J.1!2 881

\$362,812 reported as deferred outflows of resources related to pensions resulting from the District contributions su
measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other an
as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pens
follows:

Year Ended June 30 2019 2020 2021 2022 2023

Total

There were no non-employer contributing
entities at IPERS.

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\$98,505 297,563 186,099 34,839 47 170 \$ - 664 ll.6

West Hancock Community School District Britt, Iowa

Notes to Financial Statements

June 30, 2018

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using
actuarial assumptions applied to all periods included in the measurement.

Rate of inflation

(effective June 30, 2017)

(effective June 30, 2017)

Rates of salary increase

(effective June 30, 2017)

Wage growth

(effective June 30, 2017)

2.60% per annum

Long-tenn investment rate of return

3.25 to 16.25%, average, including inflation.

Rates vary by membership group.

7.00%, compounded annually, net of investment

expense, including inflation

3.25% per annum, based on 2.60% inflation

and 0.65% real wage inflation

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March, 24 2017.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

Long-Term Expected Asset Class Asset Allocations Real Rate Return

Domestic equity 24.0% 6.25% **International equity 16.0%** 6.71 **Core plus fixed income 27.0%** 2.25 **Public credit 3.5%** 3.46 **Public real assets 7.0%** 3.27 **Cash 11.0%** 11.15 **Private real assets 7.5%** 4.18 **Private credit 3.0%** 4.25

Total

Notes to Financial Statements

June 30, 2018

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the employer will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS's fiduciary net position should be available to make all projected future benefit payments of 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 table shows the District's proportionate share of the net_pension liability calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate 1 % lower (6.00%) or 1 % higher than the current rate.

District's proportionate share of the net pension liability

1%

Discount

10% Decrease

Rate

Increase (6.00%)

(7.00%)

(8.00%)

\$ 5,994,835

\$ 3,638,528

\$1,658,778

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

Payables to IPERS -At June 30, 2018, the District reported no payables to the defined benefit pension plan.

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

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West Hancock Community School District Britt, Iowa

Notes to Financial Statements

June 30, 2018

OPEB Benefits - Individuals who are employed by West Hancock Community School 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 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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving

benefit payments 4 Active employees

Total OPEB Liability - The District's total OPEB liability of \$206,324 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation

(effective June 30, 2018) Rate of salary increase

(effective June 30, 2018)

3.00% per annum. 3.00% per annum,

(effective June 30, 2018) Discount rate

including inflation. 3.72% compounded annually,

(effective June 30, 2018) Healthcare cost trend rate

including inflation. 6.00% per annum

Discount Rate - The discount rate used to measure the total OPEB liability was 3.72% which reflects the index rate on exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

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West Hancock Community School District Britt, Iowa

Notes to Financial Statements

June 30, 2018

Mortality rates are from the RP 2014 Annuity Mortality Table. Annual retirement probabilities are based on varying rates by age. The probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	There was no change in the discount rate from 2017 to 2018.
	Total OPEB Liability
Total OPEB liability beginning of year, as restated	\$ 204,077
Changes for the year:	
Service cost	15,589
Interest Differences between expected and actual	7,697
Benefit expenences	(7,831)
Changes in assumptions	
Benefit payments	
Net changes	(13,208)
Total OPEB liability end of year	224,762 \$ 206.324

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% higher (4.72%) than the current discount rate.

1% Discount	1% Decrease Rate	Increase (2.72%)	(3.72%)	(4.72%)	Total OPEB liability \$ 226,762
-------------	------------------	------------------	---------	---------	---------------------------------

West Hancock Community School District Britt, Iowa

Notes to Financial Statements

June 30, 2018

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.00%) or 1% higher (7.00%) than the current healthcare cost trend rates. Total OPEB liability

	1% Decrease (5.00%)
\$ 181,147	206,324

Healthcare Cost Trend Rate (6.00%)

1% Increase (7.00%)

236,354

OPEB Expense and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2018, the District reported an OPEB expense of \$22,623. At June 30, 2018, the District reported deferred inflows of resources related to OPEB from the following:

Differences between expected and actual

experience Changes in assumptions

Total

Deferred Inflows of Resources

7,168

7,168

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

June 30, 2019 2020 2021 2022 2023 Thereafter 51

\$ \$

Amount

\$ 663 663 663 663 663

West Hancock Community School District Britt, Iowa

Notes to Financial Statements

June 30, 2018

(8) Risk Management

West Hancock Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of property; 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 the past three fiscal years have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount totaled \$254,827 for the year ended June 30, 2018 and is recorded in the General Fund by making a memorandum adjustment to the cash basis financial statements.

(10) Categorical Funding

In accordance with Iowa Administrative Code Section 98.1 categorical funding is financial support from the state governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to district or area education agency general purpose revenue, for purposes beyond the basic educational program and subject to restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year may 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, 2018.

	TLC Planning Market factor funds
Program	Total
Teacher salary supplement Preschool program	52
Homeschool assistance program Limited	Amount \$ 25,875 26,761 1,770 11,828 1,981
English Proficient Teacher Quality	10,963 63,581 1 848 \$ 144 607
Professional Development Early Literacy	

West Hancock Community School District Britt, Iowa

Notes to Financial Statements

June 30, 2018

(11) Deficit Fund Balance

The Enterprise, School Nutrition Fund had a deficit net position of \$16,920 at June 30, 2018. The reason for the deficit was due to the implementation of Governmental Accounting Standards Board Statement No. 68, which requires all state and other governmental entities in the state of Iowa who contribute to IPERS to show their proportionate share of the deficit as a liability on each entity's financials beginning in fiscal year 2015.

(12) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues to which an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego 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.

governments.

During the current year ended June 30, 2018 property tax revenues were not reduced by tax abatements programs of other entities.

(13) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional disclosures and require supplementary information. In addition, GASB Statement No. 75 requires a state or local government employee entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources for other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental business type activities was restated to

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West Hancock Community School District Britt, Iowa

Notes to Financial Statements
June 30, 2018

retroactively report the change in valuation of the beginning total OPEB liability, as follows: Net position June 30, 2017 as reported less **repolied** OPEB obligation measured under **previous standards** Total OPEB liability at June 30, 2017 Net Position July 1, 2017 as restated

(14) Prospective Accounting Changes

\$ 6,845,847

Governmental Activities

327,088 Cl 9

Business type Activities

(29,751)

12,298 (5,633) (23,086)

The Governmental Accounting Standards Board has issued Statement No. 88, Certain Disclosures Related to Debt, Including Borrowings and Direct Placements. This statement will be implemented for the fiscal year ending June 30, 2019. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement will improve financial reporting to users of financial statements with essential information that has not consistently been provided. In addition, information about resources to liquidate debt and the risks associated with changes in debt with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's cash flows.

The Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and

Notes to Financial Statements

June 30, 2018

The Governmental Accounting Standards Board has issued Statement No.87, Leases. This statement will be implemented for the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement will increase the usefulness of financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement will enhance the decision-usefulness of the information provided to financial statements users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

The Governmental Accounting Standards Board has issued Statement No.89, Accounting for Interest Cost Incurred before the end of a Construction Period. This statement will be implemented for the fiscal year ending June 30, 2021. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period.

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

(15) Subsequent Events

Subsequent events have been evaluated through March 29, 2019 which is the date the financial statements were available for issuance. Subsequent to year end, the District approved a lighting project for approximately \$210,000 and a roofing project for approximately \$58,500.

Required Supplementary Information

West Hancock Community School District

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2018

Governmental Proprietary Funds Fund Actual

Local sources \$ 4,661,063 127,663 State sources 3,585,141 2,582 Federal sources 371,634 164,905 Total revenues 8

Expenditures/Expenses:

Instruction 4,979,522 Support services 2,313,849 Non-instructional programs 288,984 Other expenditures 1,263,371

Total expenditures/expenses 8,556,742 288,984

Excess (deficiency) of revenues over (under) expenditures 61,096 6,166

Other financing sources, net 1,839,000

Excess (deficiency) of revenues and other financing

sources over (under) expenditures and other financing uses 1,900,096 6,166

Balances beginning of year, as restated 3,446,930 (23,086)

Balances end of year \$ 5,347,026 (16,920)

See accompanying independent auditor's report.

4,788,726	4,622,356	4,622,356	166,370	3,587,723	3,824,065	3,824,065	(236,342)	536,539	519,000	519,000	17,539	8,912,988	8,965,459
							(52,433)						
4,979,522	5,138,500	5,138,500	158,978	2,313,849	2,802,500	2,802,500	488,651	288,984	335,000	335,000	46,016	1,263,371	1,086,357
							(176,531)	8,845,726	9,362,840	9,362,840	517,114		
67,262	(397,419)	(397,419)	464,681										
1,839,000	1,839,000												
1,906,262	(397,419)	(397,419)	2,303,681										
3,423,844	2,285,312	2,285,312	I, I	38,532									
5,330,106	1,887,893	1,887,893	3,442,213										

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2018

This budgetary comparison is presented as Required Supplementary Information in accordance with Government Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from 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 for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar

prescribed procedures. The District's budget is prepared on a GAAP basis.

Fonnal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. 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 that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2018, expenditures in the other expenditures function exceeded the amounts budgeted.

West Hancock Community School District

Britt, Iowa

Schedule of District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System For the Last Four Years* (In
Thousands)

Required Supplementary Information

	District's proportion of the net pension liability	0.054622%	0.053249%
2018	2017		

District's proportionate share of the net pension liability \$ 3,639 3,351

District's covered-employee payroll \$ 4,077 3,822	85.19%	201
		5
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll 89.26% 87.68%		201
		5
Plan fiduciary net position as a percentage of the total pension liability 82.21% 81.82%		0.054129%
		0.054129%

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

		2,147
See accompanying independent auditor's report		2,147
		3,509
		3,509

61.19%
61.19%

87.61%
87.61%

West Hancock Community School District

Britt, Iowa

59

2016

Schedule of District Contributions

0.053321%

Iowa Public Employees' Retirement System Last 6
Fiscal Years (In Thousands)

Required Supplementary Information

2,634

2018 2017 2016

3,649

Statutorily required contribution
\$ 363 364 341
2015 2014

72.18%

326 326
326 326

Contributions in relation to the statutorily required contribution (363) (364) (341)	60 (326) (326)
--	-------------------

Contribution deficiency (excess) \$

District's covered-employee payroll \$ 4,059 4,077 3,822	3,649 3,509
--	-------------

Contributions as a percentage of covered-employee payroll 8.94% 8.93% 8.92%	8.93% 9.29%
---	-------------

See accompanying independent auditor's report

2013 302

(302)

3,429

8.81%

West Hancock Community School District Britt, Iowa

Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2018

Changes o(benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary was changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to five years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement year to 4% per year. The reduction for each year of retirement before age 65.

Changes o(assumptions:

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.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning in 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2018

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

West Hancock Community School District

Changes in assumptions:

Britt, Iowa

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

Total OPEB Liability, Related Ratios and Notes
 For the Current Year

Year ended June 30, 2018 3.72%
 Year ended June 30, 2017 3.72%

Required Supplementary Information

	6
Service cost Interest cost Difference between expected and actual experiences Changes in assumptions	4
Benefit payments Net change in total OPEB liability	2018
\$	15,589
	7,697
	(7,831)
	2018
	15,589
Total OPEB liability beginning of year, as restated Total OPEB liability end of year Covered-employee payroll \$	7,697 (7,831)
Total OPEB liability as a percentage of covered-employee payroll	(13,208)
	2,247
	204,077
	206,324
Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios	3,776,590
<i>Changes in benefit terms:</i>	
There were no significant changes in benefit terms.	5.46%

Supplementary Information
West Hancock Community School District
Britt, Iowa

Combining Balance Sheet
Nonmajor Governmental Funds

Equipment Student Management Recreation
Schedule 1

June 30, 2018

Activity !&Yy !&Yy Total Assets

Cash, cash equivalents and pooled investments \$ 123,935 \$ 148,352 23, 184 295,471 Receivables:

Property tax:

Delinquent 884 138 1,022 Succeeding year 350,000 39,925 389,925 Acc

Total assets \$ 128,898 \$ 499,236 63,247 691,381

Liabilities, Deferred Inflows of Resources And Fund Balances Liabilities:

Accounts payable \$ 5,493 5,493

Total liabilities 5,493 5,493

Deferred inflows of resources

Unavailable revenues:

Succeeding year property tax 350,000 39,925 389,925

Fund balances:

Restricted for:

Student activities 123,405 123,405 Recreation levy purposes 23,322 23,322 Management levy purposes 149,236 149,236

Total fund balances 123,405 149,236 23,322 295,963

Total liabilities, deferred inflows of

resources and fund balances \$ 128,898 \$ 499,236 \$ 63,247 691,381

See accompanying independent auditor's report.

West Hancock Community School District Britt, Iowa

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds

Year ended June 30, 2018

\$

Special Revenue

Management Recreation Activity

1m 1m Revenues:

Local sources:

Local tax

\$ 250,013 Other

264,887

206 **State sources**

4,555 **Total revenues**

264,887

254,774

Expenditures:

Current:

Instruction:

Regular

47,465 Other

281,536

Support services: Administration

46,086 **Operation and maintenance of plant Transportation**

Playground

39,

158,271 21,386 O

Community services Facilities acquisition T

Excess (deficiency) of revenues over expenditures

Fund balances beginning of year

Fund balances end of year

See accompanying independent auditor's report.

28,700
 281,536
 227,122 74,786
 (16,649)
 27,652 (34,695)
 140,054
 121,584 58,017
 \$ 123,405
 \$ 149,236 23,322

66

Schedule 2

47,465 281,536

28,700
 583,444
 (23,692)
 319,655
 295,963

West Hancock Community School District Britt, Iowa

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2018

Balance Balance Beginning End Account of Year
 Revenues Expenditures of Year

Athletics \$ 16,932 64,893 70,472 11,353 Class of 2019
 32,804 22,534 10,270 Class of 2018 11,194 14,044
 22,482 2,756 Class of 2017 5,100 9,647 14,645 102 Class
 of 2016 159 159 FFA 5,077 9,758 9,124 5,711 FCCLA
 504 504 SES 213 213 Student Council 3,351 1,900 3,420
 1,831 Vocal Music 1,587 2,137 3,348 376 Cheerleaders
 6,369 7,927 9,356 4,940 Band 1,375 15,068 10,923
 5,520 **Drama** 4,615 1,806 1,697 4,724 Pep Club 504 66
 438 **Uniforms** 9,395 20,852 24,6 1 1 5,636 Yearbook
 5,194 5,745 8,893 2,046 Stats 113 113 Wrestling 1,870
 5,016 5,525 1,361 Weight Lifting 1,349 385 500 1,234
 Boys Basketball 205 1,670 479 1,396 **North Iowa
 Conference** 19,010 1 3,292 17,428 14,874 Baseball 1,098
 260 305 1,053 **Interest** 7,914 253 243 7,924 Speech
 2,470 705 1,087 2,088

67

Schedule 3

West Hancock Community School District Britt,
 Iowa

Schedule of Changes in Special Revenue Fund,
 Student Activity Accounts

Year ended June 30, 2018

Balance Balance Beginning End Account of Year
Revenues Expenditures of Year

Volleyball 1,778 71 1,707 Business Club 864 1,507
 303 2,068 Softball 496 283 213 **Junior High Interest**
 1,551 44 1,595 Golf Co-Ed 313 1,467 1,064 716
 Junior High Student Projects 11,595 26,953 25,147

289,144 265

46,

13,401 Junior High Music 777 777 Elementary
 Accelerated Reading 12,590 20,482 22,075 10,997
 High School Student Projects 1,836 4,309 3,353 2,792
 Football 2,833 920 1,910 1,843 Angels for Education
 253 253 Swat 225 388 192 421 Total \$ 140,054
 264,887 281,536 123,405

Cash) cash equivalents and pooled
 investments Receivables:

Property tax:

Delinquent Succeeding year
 Due from other governments

Total assets

See accompanying independent auditor's report.

Combining Balance She
 Capital Project Account

\$ 1,015,748

44,558

\$ 1,060,306

68
 Schedule 3

282,815

282,815

West Hancock Community School District
 Britt, Iowa

339 97,606

380,760

380,760

1,298,563

1,298,563

1,298,563

339 97,606 44,558

339 97,606 44,558

339 97,606 44,558

Assets

Schedule 4

1,441,066
1,441,066
1,441,066

97,606

June 30, 2018

1,060,306

283,154

97,606

Statewide
Sales, Service
and Use Tax

97,606

1,060,306

283, 154

1,060,306

283, 154

1,060,306

283, 154

Total fund balances

Total liabilities, deferred inflows of

resources and fund balances

Liabilities, Deferred Inflows of Resources and Fund
Balances Liabilities:

Accounts payable

See accompanying independent auditor's report.

Total liabilities

Deferred inflows of resources:

Unavailable revenues:

Succeeding year property tax

Fund balances:

Restricted for:

School infrastructure Physical
plant and equipment

Physical
Plant and
Equipment

1&Y)

1,060,306				6
	283,154			
	283,154			9
			1,343,460	
			1,343,460	
\$ 1,060,306			1,343,460	
	380,760			
	380,760			
			1,441,066	
			1,441,066	
			1,441,066	

West Hancock Community School District Britt, Iowa

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances Capital Project Accounts

Year ended June 30, 2018

Statewide Sales) Services and Use Tax

\$
4,035 526,672 530,707

Capital Projects Physical Plant and Equipment

Local sources:

Local tax

95,724 Other

933 **State sources**

1,743 **Total revenues**

98,400

Expenditures:

Other expenditures:

Facilities acquisition

129,300 **Total expenditures**

129,300

Excess (deficiency) of revenues over (under) expenditures 530,707 (30,900)

Other financing sources (uses):

Operating transfers out (325,305)

Change in fund balances 205,402 (30,900)

Fund balances beginning of year 854,904 314,054

Fund balances end of year \$ 1,060,306 283,154

See accompanying independent auditor's report

70

Schedule 5

129,300 129,300

499,807

(325,305)

174,502

1,168,958

1,343,460

95,724 4,9

West Hancock Community School District Britt, Iowa

Assets

Current assets:

Schedule 6

Cash, cash equivalents and pooled investments Accounts Receivable

Due from other governments

Inventories

Total current assets

Noncurrent assets:

Capital assets, net of accumulated depreciation

Total noncurrent assets

Total assets

Deferred Outflows of Resources

Pension related deferred outflows

Liabilities

Current liabilities:

Accounts payable

Salaries and benefits payable Unearned Revenue

Due to other funds

Total current liabilities

Noncurrent liabilities:

Net pension liability

Net OPEB liability

Total noncurrent liabilities

Total liabilities

Deferred Inflows of Resources

Pension related deferred inflows

OPEB related deferred inflows

Total deferred inflows of resources

Net Position

Invested in capital assets

Unrestricted

Total net position

See accompanying independent auditor's report.

Combining Balance Sheet Proprietary Funds

\$	
	43,886,140
	43,886,140
	5,805
	49,831
	12,411
___ 12,411	
	62,242
	25,610
	135
	4,239
	4,374
	91,793
	5,695

97,488

101 862

2,712

198

2,910

12,411

(29,331)

\$ (16,920)

\$
\$

43,886 140
43,886 140
43,886 140

5 805
5 805

49,831
49,831

12,411
12,411

— l-
— l-

62 242
62 242

25,610
25,610

135
135

4,239
4,239

— 4,374
— 4,374

91,793
91,793

5,695
5,695
5,695

97,488
97,488

101,862
101,862

2,712
2,712

198
198

2,910
2,910

12,411
12,411

— 09,33J)
— 09,33J)
— 09,33J)

\$ p6,920)
\$ p6,920)
\$ p6,920)

4,927
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4,927
4,927
4,927
4,927

\$ 4,927
\$ 4,927
\$ 4,927
\$ 4,927

June 30, 2018

West Hancock Community School District Britt, Iowa

Schedule 7

Combining Schedule of Revenue, Expenses, and Changes in Fund Net Position Nonmajor Enterprise Fund

Year ended June 30, 2018

School Internal Nutrition Preschool Total Service Fund

Local sources:**Charges for service** \$ 118,927 7,822 126,749 **Miscellaneous** 608 608 4 927**Total operating revenues** 119,535 7,822 127,357 4 927**Operating expenses: Instruction:**

Regular 7,822 7,822

Support Services:

Operation and maintenance of plant**Non-instructional programs:****Salaries** 91, 128 91,128 **Benefits** 40,885 40,885 **Purchased services** 4,786 4,786 **Supplies** 139,314 139,314 **Depreciation** 5,049 5,049**Total operating expenses** 281,162 7,822 288,984

Operating income (loss) (161,627) (161,627) 4,927

Non-operating revenues:**State sources** 2,582 2,582 **Federal sources** 164,905 164,905 **Interest income** 306 306**Total non-operating revenues** 167,793 167,793**Increase (decrease) in net position** 6,166 6,166 4,927**Net position beginning of year, as restated** (23,086) (23,086)**Net position end of year** \$ (16,920) (16,920) 4,927**See accompanying independent auditor's report.**

Combining Schedule of Cash Flows Nonmajor Enterprise Funds

Year ended June 30, 2018

Cash flows from operating activities:

Cash received from sale of lunches and breakfasts
 Cash received from other services Cash paid to
 employees for services Cash paid to suppliers for
 goods or services

Net cash provided by (used by) operating activities

Cash flows from non-capital financing activities:

State grants received
 Federal grants received

Net cash provided by (used by) non-capital financing activities

Cash flows (used by) capital and related financing activities:

Acquisition of capital assets

Cash flows from investing activities:

Interest on investments

Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents beginning of year

Cash and cash equivalents end of year

7
3

Schoo
Nutriti

\$ 118,267
 608
 (128,001)
 (124,890)
 (134,016)

2,582
 145,342
 147,924

306	2,582 145,342 147,924
	2,582 145,342 147,924
14,214	2,582 145,342 147,924
___ 29,672	
\$ 43,886	

Schedule 8

306
306

14,214 4,927
14,214 4,927

Internal Service Preschool Total
Fund

29,672
29,672

43,886
43,886

118,267 7,822 8,430 4,927 (7 ,822)
(135,823) (124,890) (134,016) 4,927
118,267 7,822 8,430 4,927 (7 ,822)
(135,823) (124,890) (134,016) 4,927
118,267 7,822 8,430 4,927 (7 ,822)
(135,823) (124,890) (134,016) 4,927

West }lancock CoInmunity School District Britt, Iowa
Combining Schedule of Cash Flows Nonmajor Enterprise Funds

Year ended June 30, 2018

Reconciliation of operating loss to net cash provided by (used by) operating activities:

Operating income (loss) Adjustments to reconcile operating income (loss)

to net cash provided by (used by) operating activities:

Commodities used Depreciation (Increase) decrease in accounts receivable (Increase) decrease in inventories Increase (decrease) in accounts payable

in unearned revenue Increase (decrease) in net pension liability (Increase) decrease in defen-cd outflows of resources Increase (decrease) in deferred i

Increase (decrease) in Net OPEB liability

School Nutrition Preschool

\$ (161,627) \$ -

19,563 5,049

(70) (393)

40 (590) 6

62 Net cash provided by (used by) operating activities \$ (134,016) \$

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

During the year ended June 30, 2018, the District received \$19,563 of federal commodities.

See accompanying independent auditor's report.

74

Schedule 8

Internal Service Fund

\$ (161,627) \$ 4,927

19,563 5,049

(70) (393)

40 (590) 6

62 \$ (134,016) \$ 4,927