

**WEST HANCOCK COMMUNITY SCHOOL DISTRICT  
BRITT, IOWA**

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

**YEAR ENDED JUNE 30, 2021**

## Table of Contents

		<u>Page</u>
Officials		1
Independent Auditor's Report		2-4
Management's Discussion and Analysis		5-13
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	14-15
Statement of Activities	B	16-17
Governmental Fund Financial Statements:		
Balance Sheet	C	18
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	19
Statement of Revenues, Expenditures and Changes in Fund Balances	E	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	21
Proprietary Fund Financial Statements:		
Statement of Net Position	G	22
Statement of Revenues, Expenses and Changes in Fund Net Position	H	23
Statement of Cash Flows	I	24-25
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	26
Statement of Changes in Fiduciary Net Position	K	27
Notes to Financial Statements		28-56
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund		57-58
Notes to Required Supplementary Information – Budgetary Reporting		59
Schedule of the District's Proportionate Share of the Net Pension Liability		60-61
Schedule of District Contributions		62-63
Notes to Required Supplementary Information – Pension Liability		64
Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes		65-66

Table of Contents (continued)

	<u>Schedule</u>	<u>Page</u>
Supplementary Information:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	67
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	68
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	69-70
Capital Project Accounts:		
Combining Balance Sheet	4	71
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	5	72
Nonmajor Enterprise Funds:		
Combining Balance Sheet	6	73
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	7	74
Combining Schedule of Cash Flows	8	75-76
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	9	77-78
Schedule of Expenditures of Federal Awards	10	79-80
Independent Auditor’s Report Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		81-83
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance		84-86
Schedule of Findings and Questioned Costs		87-93
Summary Schedule of Prior Audit Findings		94
Corrective Action Plan		95

**West Hancock Community School District  
Britt, Iowa**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Ryan Johnson	President	2023
Leah Deutsch	Vice President	2023
Angie Johnson	Board Member	2021
Jay Burgardt	Board Member	2021
Jon Harle	Board Member	2021
Jennifer Bixel	Board Member	2023
Andres Eekhoff	Board Member	2023
<b>School Officials</b>		
Wayne Kronemann	Superintendent	Indefinite
Amy Larson	CO / District Secretary/Treasurer and Business Manager	2022
Ahlers and Cooney	Attorney	Indefinite

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

## Certified Public Accountants

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

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

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

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

## Independent Auditor's Report

To the Board of Education of  
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, each major fund and the aggregate remaining fund information of West Hancock Community School District, Britt, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in 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 of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we express

no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

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

### Other Matters

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 13 and 57 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Hancock Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2022 on our consideration of West Hancock Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering West Hancock Community School District's internal control over financial reporting and compliance.

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

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

June 29, 2022

## Management Discussion and Analysis

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

### Financial Highlights

General Fund revenues for fiscal year 2021 were \$7,476,428 while General Fund expenditures were \$7,118,076; this resulted in an increase in the District's General Fund balance from \$1,268,719 in fiscal 2020 to \$1,627,830 in fiscal 2021, or a \$359,111 increase over the prior year.

The fund balance increased due to increase in revenues, while keeping the expenses consistent.

### Overview of the Financial Statements

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

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 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 statement for *proprietary funds* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of 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 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 the District's assets and liabilities – is 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 property tax 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 cover the costs of certain services it provides. The District's school nutrition program is included here.

## Fund Financial Statements

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

Some funds are required by state law and by bond covenants.

The District establishes other funds to control and manage money for particular purposes, (such as 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 financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. 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 them.

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

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

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

## 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, 2021, compared to June 30, 2020.

Figure A-1

### Condensed Statement of Net Assets (in millions of dollars) June 30, 2021

	Governmental		Business-type		Total	
	Activities		Activities		School District	
	2021	2020	2021	2020	2021	2020
Current and other assets	7.174	6.950	.130	.059	7.304	7.009
Capital assets	9.341	9.180	.004	.007	9.345	9.187
<b>Total assets</b>	<b>16.515</b>	<b>16.130</b>	<b>.134</b>	<b>.066</b>	<b>16.649</b>	<b>16.196</b>
Deferred outflows of resources	.796	.768	.017	.018	.813	.786
Long-term debt outstanding	4.984	4.980	.097	.087	5.081	5.067
Other liabilities	.140	.243	.013	.012	.153	.255
<b>Total liabilities</b>	<b>5.124</b>	<b>5.223</b>	<b>.110</b>	<b>.099</b>	<b>5.234</b>	<b>5.322</b>
Deferred Inflows of Resources	3.631	3.893	.006	.013	3.637	3.906
<b>Net assets</b>						
Invested in capital assets,						
net of related debt	8.126	7.488	.004	.007	8.130	7.495
Restricted	1.921	1.963	-	-	1.921	1.963
Unrestricted	(1.491)	(1.668)	(.031)	(.036)	(1.522)	(1.704)
<b>Total net assets</b>	<b>8.556</b>	<b>7.783</b>	<b>(.027)</b>	<b>(.029)</b>	<b>8.529</b>	<b>7.754</b>

Changes in net assets – Figure A-2 shows the changes in net assets for the year ended June 30, 2021.

**Figure A-2**  
**Changes in Net Assets from Operating Results (in millions of dollars)**

	Governmental Activities		Business-type Activities		Total School District	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	.758	.817	.034	.098	.792	.915
Operating Grants & Contributions	1.664	1.325	.337	.148	2.001	1.473
Capital Grants & Contributions	-	-	-	-	-	-
<b>General revenues</b>						
Property Taxes & Other Local Taxes	4.319	4.085	-	-	4.319	4.085
Unrestricted State Aid	2.231	2.090	-	-	2.231	2.090
Other	.094	.197	-	.001	.094	.198
Transfers	-	(.014)	-	.014	.000	.000
<b>Total revenues</b>	<b>9.066</b>	<b>8.500</b>	<b>.371</b>	<b>.261</b>	<b>9.437</b>	<b>8.761</b>
<b>Expenses</b>						
Instruction	5.115	5.167	-	-	5.115	5.167
Support Services	2.322	2.410	-	-	2.322	2.410
Non-instructional programs	.121	-	.306	.278	.427	.278
Other	.736	.868	-	-	.736	.868
<b>Total expenses</b>	<b>8.294</b>	<b>8.445</b>	<b>.306</b>	<b>.278</b>	<b>8.600</b>	<b>8.723</b>
<b>Increase (decrease) in net assets</b>	<b>.772</b>	<b>.055</b>	<b>(.065)</b>	<b>(.017)</b>	<b>.837</b>	<b>.038</b>

Property tax, income surtax, sales taxes and state foundation aid account for 70 percent of the total revenue. The District's expenses primarily relate to instruction and support services that account for 86 percent of the total expenses.

**Governmental Activities**

Revenues for governmental activities were \$9,066,526 and expenses were \$8,293,456. This resulted in an increased budget balance.

Figure A-3 presents the cost of six major district activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Figure A-3**  
**Net Cost of Governmental Activities (in millions of dollars)**

	<b>Total Cost Services 2021</b>	<b>Net Cost of of Services 2020</b>
Instruction	\$5.115	\$ 3.391
Pupil & Instructional Services	.446	.266
Administrative & Business	.753	.754
Maintenance & operations	.828	.760
Transportation	.294	.216
Other	.857	.485
<b>Total</b>	<b>\$ 8.293</b>	<b>\$ 5.872</b>

The cost of all governmental activities this year was \$8,293,456.

Some of the cost was financed by the users of the District's programs in the amount of \$758,370.

The federal and state governments subsidized certain programs with grants and contributions \$1,663,776.

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

This portion of governmental activities was financed with \$3,408,566 in property taxes, \$350,534 of income surtax, \$559,926 of sales tax and \$2,230,934 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 \$33,620 and \$337,311 from operating grants, contributions and restricted interest. Expenses from the District's business type activities amounted to \$337,311. The Hot Lunch program was the main Business Type Activity for the District during the 2021 school year.

### **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 finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balance of \$8,556,005 which is \$773,070 above last year's ending fund balances of \$7,782,935. This balance is 9.9% increase due to increased revenue.

### **Governmental Fund Highlights**

The General Fund balance increased from \$1,268,719 to \$1,627,830 due to an increase in revenues.

The Capital projects fund decreased \$92,353, due to an increase in expenses.

### **Proprietary Fund Highlights**

The School Nutrition Fund net position increased from a deficit of \$28,937 at June 30, 2020 to a positive balance of \$35,740 at June 30, 2021, due to an increase in revenues from COVID funding for meals.

### **Budgetary Highlights**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is the aggregated functional level, not at the fund or fund type level. A schedule showing the original budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets 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 \$278,586 more than budgeted receipts, which is a 3.1% variance

## Capital Asset and Debt Administration

### Capital Assets

By the end of 2021, the District had invested \$9.3 million, in a broad range of assets, including school buildings, school infrastructure, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Figure A-4) **(More detailed information about capital assets can be found in Note 4 to the financial statements.)** Total depreciation expense for the year was \$550,909

Figure A-4  
Capital Assets (net of depreciation, (in millions of dollars))

	Governmental	Business Type	Total
Construction in progress	0.548	0	0.548
Land	0.162	0	0.162
Buildings	7.809	0	7.809
Improvements	.233	0	.233
Equipment & Furniture	0.590	.004	0.594
	<b>9.342</b>	<b>.004</b>	<b>9.346</b>

**Long-Term Debt**

At year-end, the District had \$1,215,505 in revenue bonds outstanding. This represents a decrease of 18.4% from the previous fiscal year as can be seen in Figure A-5 below.

Figure A-5  
Outstanding Long-Term Debt (in millions of dollars)

	Total School District		Total Percentage Change
	2021	2020	2020-21
General Obligation bonds	0.000	0.000	0.000
Revenue bonds	1.216	1.489	-18.3
<b>Total</b>	<b>1.216</b>	<b>1.489</b>	<b>-18.3</b>

**Factors Bearing on the District's Future**

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

The district has experienced a stabilization of it's population decline, in fact, the district has gained 25 students over the last couple of 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. We are expecting a few new homes to be built this coming year.
4. We have received some short term relief from stimulus funds this past year and expect to receive more in the next fiscal year.
5. Farm land values are increasing, which helps with our taxable valuation and increasing property taxes.

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 overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact, Amy Larson, Board Secretary/Business Manager, West Hancock Community School District, 510 9<sup>th</sup> Ave. SW., Britt, Iowa 50423



## Basic Financial Statements

West Hancock Community School District  
 Britt, Iowa  
 Statement of Net Position  
 June 30, 2021

Exhibit A

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 3,177,471	127,352	3,304,823
Receivables:			
Property tax:			
Delinquent	22,330	-	22,330
Succeeding year	3,388,785	-	3,388,785
Accounts	69,297	11	69,308
Inventories	-	1,973	1,973
Due from other governments	516,406	520	516,926
Capital assets, net of accumulated depreciation	<u>9,341,350</u>	<u>4,363</u>	<u>9,345,713</u>
<b>Total assets</b>	<u>16,515,639</u>	<u>134,219</u>	<u>16,649,858</u>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	<u>796,354</u>	<u>17,187</u>	<u>813,541</u>
<b>Liabilities</b>			
Accounts payable	122,240	-	122,240
Salaries and benefits payable	5,808	-	5,808
Due to other governments	-	-	-
Accrued interest payable	11,410	-	11,410
Advances from grantors	466	12,886	13,352
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	279,000	-	279,000
Early Retirement	-	-	-
Compensated absences	5,590	-	5,590
Portion due after one year:			
Revenue bonds (net of \$5,495 unamortized discount)	936,505	-	936,505
Net pension liability	3,560,218	91,094	3,651,312
Total OPEB liability	<u>202,975</u>	<u>5,720</u>	<u>208,695</u>
<b>Total liabilities</b>	<u>5,124,212</u>	<u>109,700</u>	<u>5,233,912</u>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	3,388,785	-	3,388,785
Pension related deferred inflows	201,076	4,619	205,695
OPEB related deferred inflows	<u>41,915</u>	<u>1,347</u>	<u>43,262</u>
<b>Total deferred inflows of resources</b>	<u>3,631,776</u>	<u>5,966</u>	<u>3,637,742</u>

(continued)

West Hancock Community School District  
 Britt, Iowa  
 Statement of Net Position  
 June 30, 2021

Exhibit A

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<b>Net position</b>			
Net investment in capital assets	8,125,845	4,363	8,130,208
Restricted for:			
Categorical funding	325,722	-	325,722
Management levy	432,158	-	432,158
Physical plant and equipment levy	327,483	-	327,483
School infrastructure	657,206	-	657,206
Other special revenue purposes	178,438	-	178,438
Unrestricted	<u>(1,490,847)</u>	<u>31,377</u>	<u>(1,459,470)</u>
<b>Total net position</b>	<u>\$ 8,556,005</u>	<u>35,740</u>	<u>8,591,745</u>

See notes to financial statements.

West Hancock Community School District  
 Britt, Iowa  
 Statement of Activities  
 Year ended June 30, 2021

	<u>Expenses</u>	<u>Charges for Service</u>	<u>Program Revenues</u>	
			<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
<b>Functions/Programs:</b>				
<b>Governmental activities:</b>				
Instruction:				
Regular instruction	\$ 3,168,053	417,923	541,530	-
Special instruction	717,403	117,741	111,591	-
Other instruction	1,229,089	215,266	319,793	-
	<u>5,114,545</u>	<u>750,930</u>	<u>972,914</u>	<u>-</u>
Support services:				
Student	81,317	-	5,211	-
Instructional staff	365,018	-	174,772	-
Administration	753,798	-	275	-
Operation and maintenance of plant	827,557	-	67,648	-
Transportation	294,433	7,440	71,013	-
	<u>2,322,123</u>	<u>7,440</u>	<u>318,919</u>	<u>-</u>
Non-instructional programs	<u>121,000</u>	<u>-</u>	<u>113,137</u>	<u>-</u>
Other expenditures:				
Facilities Acquisition	7,560	-	-	-
Long-term debt interest	28,689	-	-	-
AEA flowthrough	258,806	-	258,806	-
Depreciation (unallocated)*	440,733	-	-	-
	<u>735,788</u>	<u>-</u>	<u>258,806</u>	<u>-</u>
Total governmental activities	<u>8,293,456</u>	<u>758,370</u>	<u>1,663,776</u>	<u>-</u>
<b>Business type activities:</b>				
Non-instructional programs:				
Preschool	8,973	8,968	-	-
Food service operations	297,474	24,652	337,311	-
Total	<u>\$ 8,599,903</u>	<u>791,990</u>	<u>2,001,087</u>	<u>-</u>
<b>General Revenues:</b>				
Property tax levied for:				
General purposes				
Capital outlay				
Public education and recreation purposes				
Statewide sales, service and use tax				
Income surtax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Gain on sale of assets				
Total general revenues				
Change in net position				
Net position beginning of year				
Net position end of year				

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

See notes to financial statements.

Exhibit B

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business Type Activities	Total
(2,208,600)	-	(2,208,600)
(488,071)	-	(488,071)
(694,030)	-	(694,030)
<u>(3,390,701)</u>	<u>-</u>	<u>(3,390,701)</u>
(76,106)	-	(76,106)
(190,246)	-	(190,246)
(753,523)	-	(753,523)
(759,909)	-	(759,909)
(215,980)	-	(215,980)
<u>(1,995,764)</u>	<u>-</u>	<u>(1,995,764)</u>
(7,863)	-	(7,863)
(7,560)	-	(7,560)
(28,689)	-	(28,689)
-	-	-
<u>(440,733)</u>	<u>-</u>	<u>(440,733)</u>
<u>(476,982)</u>	<u>-</u>	<u>(476,982)</u>
<u>(5,871,310)</u>	<u>-</u>	<u>(5,863,447)</u>
	(5)	(5)
-	64,489	64,489
<u>(5,871,310)</u>	<u>64,484</u>	<u>(5,806,826)</u>
\$ 3,088,253	-	3,088,253
277,670	-	277,670
42,643	-	42,643
559,926	-	559,926
350,534	-	350,534
2,230,934	-	2,230,934
22,800	193	22,993
32,656	-	32,656
38,964	-	38,964
<u>6,644,380</u>	<u>193</u>	<u>6,644,573</u>
773,070	64,677	837,747
7,782,935	(28,937)	7,753,998
<u>\$ 8,556,005</u>	<u>35,740</u>	<u>8,591,745</u>

West Hancock Community School District  
Britt, Iowa

Exhibit C

Balance Sheet  
Governmental Funds

June 30, 2021

Assets	General	Capital Projects	Nonmajor	Total
Cash, cash equivalents and pooled investments	\$ 1,584,936	930,750	608,845	3,124,531
Receivables:				
Property tax:				
Delinquent	17,979	1,610	2,741	22,330
Succeeding year	2,839,813	255,674	293,298	3,388,785
Accounts	-	69,261	36	69,297
Due from other funds	-	26,696	-	26,696
Due from other governments	469,478	46,928	-	516,406
<b>Total assets</b>	<u>\$ 4,912,206</u>	<u>1,330,919</u>	<u>904,920</u>	<u>7,148,045</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 99,919	21,295	1,026	122,240
Salaries and benefits payable	5,808	-	-	5,808
Advances from grantors	466	-	-	466
Due to other funds	26,696	-	-	26,696
<b>Total liabilities</b>	<u>132,889</u>	<u>21,295</u>	<u>1,026</u>	<u>155,210</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	2,839,813	255,674	293,298	3,388,785
Income surtax	311,674	69,261	-	380,935
<b>Total deferred inflows of resources</b>	<u>3,151,487</u>	<u>324,935</u>	<u>293,298</u>	<u>3,769,720</u>
Fund balances:				
Restricted for:				
Categorical funding	325,722	-	-	325,722
School infrastructure	-	657,206	-	657,206
Physical plant and equipment	-	327,483	-	327,483
Student activities	-	-	119,423	119,423
Recreation levy purposes	-	-	59,015	59,015
Management levy purposes	-	-	432,158	432,158
Unassigned	1,302,108	-	-	1,302,108
<b>Total fund balances</b>	<u>1,627,830</u>	<u>984,689</u>	<u>610,596</u>	<u>3,223,115</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 4,912,206</u>	<u>1,330,919</u>	<u>904,920</u>	<u>7,148,045</u>

See notes to financial statements.

West Hancock Community School District  
Britt, Iowa

Exhibit D

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

June 30, 2021

**Total fund balances of governmental funds (page 17)** \$ 3,223,115

*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. 9,341,350

Other long-term assets are not available to pay current period expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 380,935

Internal Service Fund assets that are to be included with governmental funds. 52,940  
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (11,410)

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

Deferred outflows of resources	\$ 796,354	
Deferred inflows of resources	(242,991)	553,363

Long-term liabilities, including bonds and notes payable, compensated absences, total OPEB liability and net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (4,984,288)

**Net position of governmental activities (page 14)** \$ 8,556,005

See notes to financial statements.

West Hancock Community School District  
Britt, Iowa

Exhibit E

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

Year ended June 30, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
<b>Revenues:</b>				
Local sources:				
Local tax	\$ 2,996,750	277,670	394,592	3,669,012
Tuition	517,838	-	-	517,838
Other	100,414	4,046	215,347	319,807
State sources	3,328,668	563,860	6,331	3,898,859
Federal sources	<u>532,758</u>	<u>-</u>	<u>-</u>	<u>532,758</u>
Total revenues	<u>7,476,428</u>	<u>845,576</u>	<u>616,270</u>	<u>8,938,274</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	3,164,683	-	109,816	3,274,499
Special	675,756	-	19,327	695,083
Other	<u>979,673</u>	<u>-</u>	<u>211,192</u>	<u>1,190,865</u>
	<u>4,820,112</u>	<u>-</u>	<u>340,335</u>	<u>5,160,447</u>
Support services:				
Student	77,952	-	-	77,952
Instructional staff	302,301	71,247	-	373,548
Administration	684,123	-	91,453	775,576
Operation and maintenance of plant	632,959	6,500	211,678	851,137
Transportation	<u>228,686</u>	<u>24,589</u>	<u>26,483</u>	<u>279,758</u>
	<u>1,926,021</u>	<u>102,336</u>	<u>329,614</u>	<u>2,357,971</u>
Non-instructional programs	<u>113,137</u>	<u>-</u>	<u>7,863</u>	<u>121,000</u>
Other expenditures:				
Facilities acquisition	-	569,307	-	569,307
Long-term debt:				
Principal	-	-	275,000	275,000
Interest and fiscal charges	-	-	28,689	28,689
AEA flowthrough	<u>258,806</u>	<u>-</u>	<u>-</u>	<u>258,806</u>
	<u>258,806</u>	<u>569,307</u>	<u>303,689</u>	<u>1,131,802</u>
Total expenditures	<u>7,118,076</u>	<u>671,643</u>	<u>981,501</u>	<u>8,771,220</u>
Excess (deficiency) of revenues over (under) expenditures	<u>358,352</u>	<u>173,933</u>	<u>(365,231)</u>	<u>167,054</u>
Other financing sources (uses):				
Transfers in	-	-	303,689	303,689
Proceeds from disposal of real property	759	37,403	-	38,162
Transfers out	<u>-</u>	<u>(303,689)</u>	<u>-</u>	<u>(303,689)</u>
Total other financing sources (uses)	<u>759</u>	<u>(266,286)</u>	<u>303,689</u>	<u>38,162</u>
Change in fund balances	359,111	(92,353)	(61,542)	205,216
Fund balances beginning of year	<u>\$ 1,268,719</u>	<u>1,077,042</u>	<u>672,138</u>	<u>3,017,899</u>
Fund balances end of year	<u>\$ 1,627,830</u>	<u>984,689</u>	<u>610,596</u>	<u>3,223,115</u>



West Hancock Community School District  
Britt, Iowa

Exhibit F

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

Year ended June 30, 2021

**Net change in fund balances - total governmental funds (page 20)** \$ 205,216

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

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

Expenditures for capital assets	\$ 709,691	
Depreciation expense	<u>(548,576)</u>	161,115

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. 90,090

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

Repaid	275,000	
Amortize bond discount costs	<u>(1,374)</u>	273,626

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 2,922

The current year District employer share for IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 380,686

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	9,298	
Early Retirement	203,028	
Pension expense	(537,977)	
OPEB expense	<u>(12,248)</u>	<u>(337,899)</u>

Internal Service Fund transactions are not reported in the General Fund as revenues and expenditures, however the General Fund is the source of these revenues and use of the expenditures. (2,686)

**Change in net position of governmental activities (page 16)** \$ 773,070

See notes to financial statements.

West Hancock Community School District  
Britt, Iowa

Exhibit G

Statement of Net Position  
Proprietary Funds

Year Ended June 30, 2021

	Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and pooled investments	\$ 127,352	52,940
Accounts receivable	11	-
Due from other governments	520	-
Due from other funds	-	-
Inventories	1,973	-
<b>Total current assets</b>	<u>129,856</u>	<u>52,940</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	4,363	-
<b>Total assets</b>	<u>134,219</u>	<u>52,940</u>
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	17,187	-
<b>Liabilities</b>		
Current liabilities:		
Unearned revenue	12,886	-
<b>Total current liabilities</b>	<u>12,886</u>	<u>-</u>
Noncurrent liabilities:		
Net pension liability	91,094	-
Total OPEB liability	5,720	-
<b>Total noncurrent liabilities</b>	<u>96,814</u>	<u>-</u>
<b>Total liabilities</b>	<u>109,700</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>		
Pension related deferred inflows	4,619	-
OPEB related deferred inflows	1,347	-
<b>Total deferred inflows of resources</b>	<u>5,966</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	4,363	-
Unrestricted	31,377	52,940
<b>Total net position</b>	<u>\$ 35,740</u>	<u>52,940</u>

See notes to financial statements.

West Hancock Community School District  
Britt, Iowa

Exhibit H

Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds

Year ended June 30, 2021

	Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Operating revenues:		
Local sources:		
Charges for service	\$ 33,620	86,156
Miscellaneous	<u>815</u>	<u>-</u>
	<u>34,435</u>	<u>86,156</u>
Operating expenses:		
Instruction:		
Regular	<u>8,973</u>	<u>89,869</u>
Support Services:		
Administration	<u>-</u>	<u>715</u>
Non-instructional programs:		
Food service operations:		
Salaries	89,458	-
Benefits	42,125	-
Purchased services	2,692	-
Supplies	160,866	-
Depreciation	<u>2,333</u>	<u>-</u>
	<u>297,474</u>	<u>-</u>
Total operating expenses	<u>306,447</u>	<u>90,584</u>
Operating gain (loss)	<u>(272,012)</u>	<u>(4,428)</u>
Non-operating revenues:		
State sources	2,848	-
Federal sources	333,647	-
Interest income	<u>194</u>	<u>1,742</u>
Total non-operating revenues	<u>336,689</u>	<u>1,742</u>
Other financing sources		
Transfer in	-	-
Increase in net position	64,677	(2,686)
Net position beginning of year	<u>(28,937)</u>	<u>55,626</u>
Net position end of year	<u>\$ 35,740</u>	<u>52,940</u>

See notes to financial statements.

West Hancock Community School District

Exhibit I

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2021

	Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
<b>Cash flows from operating activities:</b>		
Cash received from sale of lunches and breakfasts	\$ 34,046	-
Cash received from other services	815	-
Cash paid to employees for services	(138,380)	-
Cash paid to suppliers for goods or services	<u>(140,037)</u>	<u>-</u>
Net cash provided by (used by) operating activities	<u>(243,556)</u>	<u>-</u>
<b>Cash flows from non-capital financing activities:</b>		
State grants received	2,328	-
Federal grants received	<u>320,888</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>323,216</u>	<u>-</u>
<b>Cash flows from investing activities:</b>		
Interest on investments	<u>194</u>	<u>-</u>
Net decrease in cash and cash equivalents	79,854	-
Cash and cash equivalents beginning of year	<u>52,484</u>	<u>29,721</u>
Cash and cash equivalents end of year	<u>\$ 132,338</u>	<u>29,721</u>

West Hancock Community School District

Exhibit I

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2021

	Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
<b>Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:</b>		
Operating income (loss)	\$ (272,012)	(4,428)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:		
Commodities used	12,759	-
Depreciation	2,333	-
(Increase) in accounts receivable	112	-
Decrease in inventories	10,762	-
(Decrease) in accounts payable	-	-
(Decrease) in unearned revenue	314	-
(Decrease) in net pension liability	9,799	-
(Increase) in deferred outflows of resources	6,003	-
Increase in deferred inflows of resources	(13,931)	-
Increase in OPEB liability	305	-
	<u>305</u>	<u>-</u>
Net cash provided by (used by) operating activities	<u>\$ (243,556)</u>	<u>(4,428)</u>

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

During the year ended June 30, 2020, the District received \$26,120 of federal commodities.

See notes to financial statements.

West Hancock Community School District  
 Britt, Iowa  
 Statement of Fiduciary Net Assets

Exhibit J

Year Ended June 30, 2021

Private  
 Purpose  
Trusts

**Assets**

Cash, cash equivalents and pooled investments

\$ 7,059

**Total assets**

7,059

**Liabilities**

Accounts payable

-

**Total liabilities**

-

**Net Position**

Restricted for scholarships

\$ 7,059

See notes to financial statements.

West Hancock Community School District  
Britt, Iowa

Exhibit K

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended June 30, 2021

	Private Purpose <u>Trust</u>
Additions:	
Local sources:	
Interest on investments	\$ 112
Contributions	-
Total additions	<u>112</u>
Deductions:	
Instruction:	
Scholarships awarded	<u>747</u>
Total deductions	<u>747</u>
Change in net position	(635)
Net position beginning of year	<u>7,694</u>
Net position end of year	<u>\$ 7,059</u>

See notes to financial statements.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

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

Jointly Governed Organizations - The District participates in jointly governed organizations that provide services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Hancock and Wright County assessors' conference boards.



West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

B. Basis of Presentation

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

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

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

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position 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 include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

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

The 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 other funds 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 earned to be used to benefit individuals through scholarship awards.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

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

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

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

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

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

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

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

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

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

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

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

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

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

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

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

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

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

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

West Hancock Community School District

Britt, Iowa

Notes to Financial Statements

June 30, 2021

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 use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed on rates of pay in effect at June 30, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred inflows of resources related to OPEB and 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.

West Hancock Community School District

Britt, Iowa

Notes to Financial Statements

June 30, 2021

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

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



West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

F. Estimates:

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

(2) **Cash, Cash Equivalents and Pooled Investments**

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

At June 30, 2021, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$66,968 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 investment in 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 identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

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

Depository accounts	\$ 2,244,895
Certificates of deposit	1,000,018
Iowa Schools Joint Investment Trust Diversified Portfolio	<u>66,968</u>
	\$ <u>3,311,881</u>
Per Exhibit A	\$ 3,304,823
Per Exhibit J	<u>7,059</u>
	\$ <u>3,311,882</u>

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 does not have a policy specific to concentration of credit risk. At June 30, 2021, 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 not be returned. For an investment, this is the risk that in the event of failure of the counterparty, the District will not be able to recover the value of the investments or collateral securities that are in the possession of the outside party. The District's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to 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.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

**(3) Due From and Due to Other Funds**

The detail of interfund receivables and payables for the year ended June 30, 2021 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects	General Fund	\$ <u>26,696</u>
Total		<u>26,696</u>

The interfund balance is a result of income tax surtax deposited in the wrong bank account. This will be repaid by the audit report date.

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects:	
	Statewide Sales, Services and Use Tax	\$ <u>303,689</u>
Total		<u>303,689</u>

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

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

**(5) Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b><u>Governmental activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 162,236	-	-	162,236
Construction in progress	<u>98,047</u>	<u>449,888</u>	-	<u>547,935</u>
Total capital assets not being depreciated	<u>260,283</u>	<u>449,888</u>	-	<u>710,171</u>
Capital assets being depreciated:				
Buildings	14,594,022	93,466	-	14,687,488
Improvements other than buildings	673,967	3,700	-	677,667
Furniture and equipment	<u>3,040,329</u>	<u>162,638</u>	-	<u>3,202,967</u>
Total capital assets being depreciated	<u>18,308,318</u>	<u>259,804</u>	-	<u>18,568,122</u>
Less accumulated depreciation for:				
Buildings	6,498,487	380,470	-	6,878,957
Improvements other than buildings	410,554	34,036	-	444,590
Furniture and equipment	<u>2,479,326</u>	<u>134,070</u>	-	<u>2,613,396</u>
Total accumulated depreciation	<u>9,388,367</u>	<u>548,576</u>	-	<u>9,936,943</u>
Total capital assets being depreciated, net	<u>8,919,951</u>	<u>(288,772)</u>	-	<u>8,631,179</u>
Governmental activities capital assets, net	<u>9,180,234</u>	<u>161,116</u>	-	<u>9,341,350</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b><u>Business type activities:</u></b>				
Furniture and equipment	157,492	-	-	157,492
Less accumulated depreciation	<u>150,796</u>	<u>2,333</u>	-	<u>153,129</u>
Business type activities capital assets, net	<u>6,696</u>	<u>(2,333)</u>	-	<u>4,363</u>
Depreciation expense was charged to the following functions:				
Governmental activities:				
Instruction:				
Regular				\$ 52,658
Other				11,090
Support Services:				
Student services				1,362
Administration				1,280
Operation and maintenance of plant				2,355
Transportation				39,098
Unallocated				<u>440,733</u>
Total depreciation expense - governmental activities				\$ <u>548,576</u>
Business type activities:				
Food service operations				\$ <u>2,333</u>

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

**(6) Long-Term Liabilities**

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year		Due Within One Year
Revenue Refunding bonds Series 2017	1,489,132	-	273,627	1,215,505	(1)	279,000
Early Retirement	203,028	-	203,028	-		-
Compensated absences	14,888	5,590	14,888	5,590		5,590
Net pension liability	3,080,053	480,165	-	3,560,218		
Total OPEB liability	193,083	9,892	-	202,975		-
<b>Total</b>	<b>\$ 4,980,184</b>	<b>495,647</b>	<b>487,542</b>	<b>4,988,289</b>		<b>284,590</b>

(1) Bonds were sold at a discount; unamortized discount at June 30, 2021 totaled \$5,495.

	Balance Beginning of Year	Additions	Reductions	Balance End of Year		Due Within One Year
Business type activities:						
Net pension liability	\$ 81,295	9,799	-	91,094		-
Total OPEB liability	5,415	305	-	5,720		-
<b>Total</b>	<b>\$ 86,710</b>	<b>10,104</b>	<b>-</b>	<b>96,814</b>		<b>-</b>

**Revenue Bonds**

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

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

Year	Bond Issue of November 1, 2017			
	Ending June 30,	Interest Rates	Principal	Interest
2022		2.11	279,000	22,820
2023		2.11	290,000	16,817
2024		2.11	294,000	10,655
2025-26		2.11	358,000	4,937
Total			\$ 1,221,000	55,229

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,839,000 of bonds issued in 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 payable through 2026. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 36% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$1,276,229. For the current year, \$275,000 of principal and \$28,664 of interest paid on the bonds and total statewide sales, services and use tax revenues was \$559,926.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

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 for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be 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 requirements 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 project account to be used for any lawful purpose.

Termination Benefits

The District offered a one time voluntary early retirement plan to currently employed full time or part time licensed eligible employees. Eligible employees must have reached the age of fifty-five and a minimum of 10 years of service in the West Hancock Community School District. The application for early retirement is subject to approval by the Board of Education.

If approved, the early retiree will receive an early retirement stipend of 2 times the difference between the employee's current regular salary schedule pay and the base amount on the salary schedule for 2020-21.

The District also offered a one time voluntary early retirement plan to currently employed full-time or part-time administrators and business managers eligible employees. Eligible employees must have reached the age of fifty-five and a minimum of 10 years of service in the West Hancock Community School District. The application for early retirement is subject to approval by the Board of Education.

If approved, the early retiree will receive an early retirement stipend of \$27,000.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

At June 30, 2021, all early retirement obligations from the prior year had been paid out.

(7) **Pension Plan**

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

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

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

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

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



West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2021 totaled \$388,899.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the District reported a liability of \$3,651,312 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the District's proportion was 0.051978%, which was a decrease of 0.002616% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$745,008. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 18,737	86,545
Changes of assumptions	187,421	-
Net difference between projected and actual earnings on IPERS' investments	-	205,261
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	60,991	119,150
District contributions subsequent to the measurement date	<u>388,889</u>	-
Total	<u>\$ 656,038</u>	<u>410,956</u>

\$388,889 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>	<u>Amount</u>
2022	36,485
2023	47,603
2024	48,108
2025	98,087
2026	(11,335)
Total	<u>\$ 218,948</u>

There were no non-employer contributing entities at IPERS.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

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

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

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

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	<u>100%</u>	

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

**Discount Rate** – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments 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 presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 6,088,254	3,651,312	1,607,973

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

**Payables to IPERS** – At June 30, 2021, the District reported no payables to IPERS.

**(8) Other Postemployment Benefits (OPEB)**

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

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

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 the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>76</u>
Total	<u>79</u>

Total OPEB Liability – The District's total OPEB liability of \$208,695 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2021)	3.00% per annum.
Rate of salary increase (effective June 30, 2021)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2021)	3.15% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2021)	8.00% per annum.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.15% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

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

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ <u>198,498</u>
Changes for the year:	
Service cost	14,826
Interest	6,642
Recognition of deferred inflows/outflows	(7,059)
Demographic change	-
Changes in assumptions	-
Benefit payments	<u>(4,212)</u>
Net changes	<u>10,197</u>
Total OPEB liability end of year	\$ <u>208,695</u>

The discount rate decreased from 3.72% to 3.15%.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.15%) or 1% higher (4.15%) than the current discount rate.

	1% Decrease (2.15%)	Discount Rate (3.15%)	1% Increase (4.15%)
Total OPEB liability	\$ 230,738	208,695	189,099

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

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

	1% Decrease <u>(5.00%)</u>	Healthcare Cost Trend Rate <u>(6.00%)</u>	1% Increase <u>(7.00%)</u>
Total OPEB liability	\$ 179,928	208,695	243,456

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the District recognized OPEB expense of \$16,828. At June 30, 2021, the District reported deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 43,262
Changes in assumptions	-
Total	<u>\$ 43,262</u>

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

<u>Year ending</u>	<u>Amount</u>
<u>June 30,</u>	
2022	\$ 3,414
2023	3,414
2024	3,414
2025	3,414
2026	3,414
Thereafter	<u>26,192</u>
	<u>\$ 43,262</u>

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

**(9) Risk Management**

West Hancock Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$258,806 for the year ended June 30, 2021 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(11) Categorical Funding**

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

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

<u>Program</u>	<u>Amount</u>
Teacher salary supplement	\$ 26,543
Preschool program	99,987
Dropout/Dropout prev.	55,951
Teacher Development Activities	10
Teacher Quality Professional Development	10,756
Early Literacy	10,388
TLC Planning	<u>122,087</u>
Total	<u>\$ 325,722</u>



West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

**(12) Tax Abatements**

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

During the current year ended June 30, 2021 property tax revenues were not reduced by tax abatements programs of other entities.

**(13) Prospective Accounting Changes**

The Governmental Accounting Standards Board has issued Statement No.87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. 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 governments' 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 also will enhance the decision-usefulness of the information provided to financial statement 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, 2022. 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.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

The Governmental Accounting Standards Board has issued Statement No.91, Conduit Debt Obligations. This statement will be implemented for the fiscal year ending June 30, 2023. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

The Governmental Accounting Standards Board has issued Statement No.93, Replacement of Interbank Offered Rates. This statement will be implemented for the periods beginning after June 15, 2021, June 15, 2022, and December 31, 2022, depending on the paragraph. This statement will address accounting and financial reporting issues and implications that result from the replacement of interbank offered rates.

The Governmental Accounting Standards Board has issued Statement No.94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement will be implemented for the fiscal year ending June 30, 2023. This statement addresses issues related to public-private and public-public partnership arrangements (PPPs). This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

The Governmental Accounting Standards Board has issued Statement No.96, Subscription-Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA.

The Governmental Accounting Standards Board has issued Statement No.97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. This statement will be implemented for the fiscal year ending June 30, 2022. This statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. This statement will also enhance the relevance, consistency and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Another objective of this statement is to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform.

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

**(14) Subsequent Events**

Subsequent events have been evaluated through June 29, 2022 which is the date the financial statements were available to be issued. The board approved bids for HVAC upgrade and middle school roof repairs of \$57,000 and \$48,000, respectively

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2021

**(15) COVID-19**

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

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

**(16) Accounting Changes/Restatement**

Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity. The accounting change did not result in a restatement of the beginning net position of the fiduciary funds.

**Required Supplementary Information**

West Hancock Community School District

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

Required Supplementary Information

Year ended June 30, 2021

	Governmental Funds <u>Actual</u>	Proprietary Fund <u>Actual</u>
<b>Revenues:</b>		
Local sources	\$ 4,506,657	34,629
State sources	3,898,859	2,848
Federal sources	<u>532,758</u>	<u>333,647</u>
Total revenues	<u>8,938,274</u>	<u>371,124</u>
<b>Expenditures/Expenses:</b>		
Instruction	5,160,447	8,973
Support services	2,357,971	-
Non-instructional programs	121,000	297,474
Other expenditures	<u>1,131,802</u>	<u>-</u>
Total expenditures/expenses	<u>8,771,220</u>	<u>306,447</u>
Excess (deficiency) of revenues over (under) expenditures	167,054	64,677
Other financing sources, net	<u>38,162</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	205,216	64,677
Balances beginning of year	<u>3,142,388</u>	<u>(12,168)</u>
Balances end of year	<u>\$ 3,347,604</u>	<u>52,509</u>

See accompanying independent auditor's report.

<u>Total Actual</u>	<u>Budgeted Amounts</u>		<u>Final to Actual Variance</u>
	<u>Original</u>	<u>Final</u>	
4,541,286	4,663,313	4,663,313	(122,027)
3,901,707	3,831,748	3,831,748	69,959
866,405	535,751	535,751	330,654
<u>9,309,398</u>	<u>9,030,812</u>	<u>9,030,812</u>	<u>278,586</u>
5,169,420	5,280,000	5,280,000	110,580
2,357,971	2,467,000	2,467,000	109,029
418,474	310,000	420,000	1,526
<u>1,131,802</u>	<u>1,233,995</u>	<u>1,233,995</u>	<u>102,193</u>
<u>9,077,667</u>	<u>9,290,995</u>	<u>9,400,995</u>	<u>323,328</u>
231,731	(260,183)	(370,183)	601,914
<u>38,162</u>	<u>-</u>	<u>-</u>	<u>38,162</u>
269,893	(260,183)	(370,183)	640,076
<u>3,130,220</u>	<u>2,007,204</u>	<u>2,007,204</u>	<u>1,123,016</u>
<u>3,400,113</u>	<u>1,747,021</u>	<u>1,637,021</u>	<u>1,763,092</u>

West Hancock Community School District  
Britt, Iowa

Notes to Required Supplementary Information -- Budgetary Reporting

Year ended June 30, 2021

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Custodial Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$110,000.



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 Seven Years\*  
(In Thousands)

Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.051978%	0.054594%	0.054001%	0.054622%
District's proportionate share of the net pension liability	\$ 3,651	3,161	3,417	3,639
District's covered payroll	\$ 4,120	4,151	4,059	4,077
District's proportionate share of the net pension liability as a percentage of its covered payroll	88.62%	76.15%	84.18%	89.26%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%

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

See accompanying independent auditor's report

<u>2017</u>	<u>2016</u>	<u>2015</u>
0.053249%	0.053321%	0.054129%
3,351	2,634	2,147
3,822	3,649	3,509
87.68%	72.18%	61.19%
81.82%	85.19%	87.61%

West Hancock Community School District

Britt, Iowa

Schedule of District Contributions

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

Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 389	389	392	363	364
Contributions in relation to the statutorily required contribution	<u>(389)</u>	<u>(389)</u>	<u>(392)</u>	<u>(363)</u>	<u>(364)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ 4,104	4,120	4,151	4,059	4,077
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	8.93%	8.93%

See accompanying independent auditor's report

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
341	326	326	302
<u>(341)</u>	<u>(326)</u>	<u>(326)</u>	<u>(302)</u>
<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
3,822	3,649	3,509	3,429
8.93%	8.93%	8.93%	8.67%