

**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, 2022

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

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ryan Johnson	President	2023
Leah Deutsch	Vice President	2023
Angie Johnson	Board Member	2025
Jay Burgardt	Board Member	2025
Jon Harle	Board Member	2025
Jennifer Bixel	Board Member	2023
Kevin Wilson	Board Member	2023

School Officials

Wayne Kronemann	Superintendent	Indefinite
Beth DeGroote	CO / District Secretary/Treasurer and Business Manager	2023
Ahlers and Cooney	Attorney	Indefinite

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

Certified Public Accountants

714 14th Avenue North
Fort Dodge, IA 50501-7098
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Christine R. Frideres, C.P.A.
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Independent Auditor's Report

To the Board of Education of
West Hancock Community School District:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 15 to the financial statements, West Hancock Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the West Hancock Community School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the West Hancock Community School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability (Asset), the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 6 through 14 and 57 through 66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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, 2021 (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.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 10 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 October 25, 2024 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

October 25, 2024

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, 2022. 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 2022 were \$7,843,653 while General Fund expenditures were \$7,502,366; this resulted in an increase in the District's General Fund balance from \$1,627,830 in fiscal 2021 to \$1,969,117 in fiscal 2022, or a \$341,287 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, 2022, compared to June 30, 2021.

Figure A-1

Condensed Statement of Net Assets (in millions of dollars) June 30, 2022

	Governmental Activities		Business-type Activities		Total School District	
	2022	2021	2022	2021	2022	2021
Current and other assets	7.652	7,174	.244	.130	7.896	7.304
Capital assets	9.605	9.341	.011	.004	9.616	9.345
Total assets	17,257	16.515	.255	.134	17.512	16.649
Deferred outflows of resources	.499	.796	.020	.017	.519	.813
Long-term debt outstanding	1.223	4.984	.026	.097	1.249	5.081
Other liabilities	.190	.140	.013	.013	.203	.153
Total liabilities	1.413	5.124	.039	.110	1.452	5.234
Deferred Inflows of Resources	6.034	3.631	.069	.008	6.103	3.637
Net assets						
Invested in capital assets,						
net of related debt	8.666	8.126	.011	.004	8.677	8.130
Restricted	2.208	1.921	-	-	2.208	1.921
Unrestricted	(.565)	(1.491)	.156	(.031)	(.409)	(1.522)
Total net assets	10.309	8.556	.167	(.027)	10.476	8.529

Changes in net assets – Figure A-2 shows the changes in net assets for the year ended June 30, 2022.

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

	Governmental Activities		Business-type Activities		Total School District	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program revenues						
Charges for services	.824	.758	.025	.034	.849	.792
Operating Grants & Contributions	1.721	1.664	.421	.337	2.142	2.001
Capital Grants & Contributions	.166	-	-	-	.166	-
General revenues						
Property Taxes & Other Local Taxes	4.420	4.319	-	-	4.420	4.319
Unrestricted State Aid	2.319	2.231	-	-	2.319	2.231
Other	.082	.094	-	-	.082	.094
Transfers	-	-	-	-	-	-
Total revenues	9.532	9.066	.446	.371	9.978	9.437
Expenses						
Instruction	4.667	5.115	-	-	4.667	5.115
Support Services	2.226	2.322	-	-	2.226	2.322
Non-instructional programs	.126	.121	.316	.306	.442	.427
Other	.760	.736	-	-	.760	.736
Total expenses	7.779	8.294	.316	.306	8.095	8.600
Increase (decrease) in net assets	1.753	(.065)	.13	.837	1.883	.837

Property tax, income surtax, sales taxes and state foundation aid account for 71 percent of the total revenue. The District's expenses primarily relate to instruction and support services that account for 85 percent of the total expenses.

Governmental Activities

Revenues for governmental activities were \$9,532,003 and expenses were \$7,779,037. This resulted in an increased net position of \$1,752,966.

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)

	Total Cost Services <u>2022</u>	Net Cost of of Services <u>2022</u>
Instruction	\$4.667	\$ 2.834
Pupil & Instructional Services	.434	.193
Administrative & Business	.667	.650
Maintenance & operations	.799	.755
Transportation	.327	.319
Other	.885	.318
Total	\$ 7.779	\$ 5.068

The cost of all governmental activities this year was \$7,779,037.

Some of the cost was financed by the users of the District's programs in the amount of \$823,925.

The federal and state governments subsidized certain programs with grants and contributions \$1,886,534.

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

This portion of governmental activities was financed with \$3,387,221 in property taxes, \$351,455 of income surtax, \$681,350 of sales tax and \$2,319,258 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 \$24,525 and \$421,911 from operating grants, contributions and restricted interest. Expenses from the District's business type activities amounted to \$315,672. The Hot Lunch program was the main Business Type Activity for the District during the 2022 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 \$10,308,971 which is \$1,752,966 above last year's ending fund balances of \$8,556,003. This balance is 20.5% increase due to increased revenue.

Governmental Fund Highlights

The General Fund balance increased from \$1,627,830 to \$1,969,117 due to an increase in revenues.

The Capital projects fund increased \$194,613, due to grants received for projects.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from of \$35,740 at June 30, 2021 to \$166,504 at June 30, 2022, 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 \$376,00 more than budgeted receipts, which is a 3.9% variance.

Capital Asset and Debt Administration

Capital Assets

By the end of 2022, 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	0.091	0	0.091
Land	0.162	0	0.162
Buildings	8.583	0	8.583
Improvements	.200	0	.200
Equipment & Furniture	0.569	.011	0.580
	9.605	.011	9.616

Long-Term Debt

At year-end, the District had \$942,000 in revenue bonds outstanding. This represents a decrease of 22.5% 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 2022	2021	Total Percentage Change 2021-22
General Obligation bonds	0.000	0.000	0.000
Revenue bonds	.942	1.216	-22.5
Total	.942	1.216	-22.5

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, Beth DeGroote, Board Secretary/Business Manager, West Hancock Community School District, 510 9th Ave. SW., Britt, Iowa 50423

Basic Financial Statements

West Hancock Community School District
Britt, Iowa
Statement of Net Position
June 30, 2022

Exhibit A

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
Assets			
Cash, cash equivalents and pooled investments	\$ 3,859,360	238,397	4,097,757
Receivables:			
Property tax:			
Delinquent	26,362	-	26,362
Succeeding year	3,243,034	-	3,243,034
Accounts	4,207	-	4,207
Accrued interest	894	-	
Inventories	-	4,377	4,377
Due from other governments	518,878	894	519,772
Capital assets; net of accumulated depreciation	9,604,511	11,172	9,615,683
Total assets	<u>17,257,246</u>	<u>254,840</u>	<u>17,512,086</u>
 Deferred Outflows of Resources			
Pension related deferred outflows	<u>498,697</u>	<u>20,418</u>	<u>519,115</u>
 Liabilities			
Accounts payable	181,499	-	181,499
Due to other governments	-	-	-
Accrued interest payable	8,408	-	8,408
Advances from grantors	466	13,645	14,111
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	290,000	-	290,000
Early Retirement	-	-	-
Compensated absences	1,620	-	1,620
Portion due after one year:			
Revenue bonds (net of \$4,121 unamortized discount)	647,879	-	647,879
Net pension liability	51,638	19,490	71,128
Total OPEB liability	231,195	6,593	237,788
Total liabilities	<u>1,412,705</u>	<u>39,728</u>	<u>1,452,433</u>
 Deferred Inflows of Resources			
Unavailable property tax revenue	3,243,034	-	3,243,034
Pension related deferred inflows	2,744,440	67,528	2,811,968
OPEB related deferred inflows	46,793	1,498	48,291
Total deferred inflows of resources	<u>6,034,267</u>	<u>69,026</u>	<u>6,103,293</u>

(continued)

West Hancock Community School District
Britt, Iowa
Statement of Net Position
June 30, 2022

Exhibit A

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Net position			
Net investment in capital assets	8,666,632	11,172	8,677,804
Restricted for:			
Categorical funding	360,583	-	360,583
Management levy	427,104	-	427,104
Physical plant and equipment levy	395,237	-	395,237
School infrastructure	784,070		784,070
Other special revenue purposes	240,219	-	240,219
Unrestricted	(564,874)	155,332	(409,542)
Total net position	<u>\$ 10,308,971</u>	<u>166,504</u>	<u>10,475,475</u>

See notes to financial statements.

West Hancock Community School District
Britt, Iowa
Statement of Activities
Year ended June 30, 2022

		Program Revenues		
		Charges for	Operating Grants,	Capital Grants,
	Expenses	Service	Contributions	Contributions
			and Restricted	and Restricted
			Interest	Interest
<u>Functions/Programs:</u>				
Governmental activities:				
Instruction:				
Regular instruction	\$ 2,931,904	387,669	588,336	-
Special instruction	580,869	63,212	106,154	-
Other instruction	1,154,140	365,085	322,444	-
	<u>4,666,913</u>	<u>815,966</u>	<u>1,016,934</u>	<u>-</u>
Support services:				
Student	67,717	-	2,340	-
Instructional staff	366,245	-	238,536	-
Administration	666,563	-	16,411	-
Operation and maintenance of plant	798,714	-	44,024	-
Transportation	327,059	7,959	456	-
	<u>2,226,298</u>	<u>7,959</u>	<u>301,767</u>	<u>-</u>
Non-instructional programs	<u>126,310</u>	<u>-</u>	<u>141,186</u>	<u>-</u>
Other expenditures:				
Facilities Acquisition	2,235	-	-	165,965
Long-term debt interest	19,844	-	-	-
AEA flowthrough	262,056	-	260,682	-
Depreciation (unallocated)*	475,381	-	-	-
	<u>759,516</u>	<u>-</u>	<u>260,682</u>	<u>165,965</u>
Total governmental activities	<u>7,779,037</u>	<u>823,925</u>	<u>1,720,569</u>	<u>165,965</u>
Business type activities:				
Non-instructional programs:				
Preschool	7,929	7,929	-	-
Food service operations	307,743	16,596	421,307	-
Total	<u>\$ 8,094,709</u>	<u>848,450</u>	<u>2,141,876</u>	<u>165,965</u>
<u>General Revenues:</u>				
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.

Net (Expense) Revenue and Changes in Net Position		
<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
(1,955,899)	-	(1,955,899)
(411,503)	-	(411,503)
(466,611)	-	(466,611)
(2,834,013)	-	(2,834,013)
(65,377)	-	(65,377)
(127,709)	-	(127,709)
(650,152)	-	(650,152)
(754,690)	-	(754,690)
(318,644)	-	(318,644)
(1,916,572)	-	(1,916,572)
14,876	-	14,876
163,730	-	-
(19,844)	-	(19,844)
(1,374)	-	(1,374)
(475,381)	-	(475,381)
(332,869)	-	(332,869)
(5,068,578)	-	(5,083,454)
-	-	-
-	130,160	130,160
(5,068,578)	130,160	(4,938,418)
\$ 3,088,521	-	3,088,521
253,917	-	253,917
44,783	-	44,783
681,350	-	681,350
351,445	-	351,445
2,319,258	-	2,319,258
16,592	-	16,592
58,933	604	59,537
6,745	-	6,745
6,821,544	604	6,822,148
1,752,966	130,764	1,883,730
8,556,005	35,740	8,591,745
\$ 10,308,971	166,504	10,475,475

West Hancock Community School District
Britt, Iowa

Exhibit C

Balance Sheet
Governmental Funds

June 30, 2022

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets				
Cash, cash equivalents and pooled investments	\$ 2,038,968	1,102,157	664,027	3,805,152
Receivables:				
Property tax:				
Delinquent	22,092	336	3,934	26,362
Succeeding year	2,718,629	281,764	242,641	3,243,034
Accounts	4,207	-	-	4,207
Interest receivable	894			894
Due from other funds	-	28,931	-	28,931
Due from other governments	405,944	112,934	-	518,878
Total assets	<u>\$ 5,190,734</u>	<u>1,526,122</u>	<u>910,602</u>	<u>7,627,458</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 180,861	-	638	181,499
Advances from grantors	466	-	-	466
Due to other funds	28,931	-	-	28,931
Total liabilities	<u>210,258</u>	<u>-</u>	<u>638</u>	<u>210,896</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	2,718,629	281,764	242,641	3,243,034
Income surtax	292,730	65,051	-	357,781
Total deferred inflows of resources	<u>3,011,359</u>	<u>346,815</u>	<u>242,641</u>	<u>3,600,815</u>
Fund balances:				
Restricted for:				
Categorical funding	360,583	-	-	360,583
School infrastructure	-	784,070	-	784,070
Physical plant and equipment	-	395,237	-	395,237
Student activities	-	-	166,893	166,893
Recreation levy purposes	-	-	73,326	73,326
Management levy purposes	-	-	427,104	427,104
Unassigned	1,608,534	-	-	1,608,534
Total fund balances	<u>1,969,117</u>	<u>1,179,307</u>	<u>667,323</u>	<u>3,815,747</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,190,734</u>	<u>1,526,122</u>	<u>910,602</u>	<u>7,627,458</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, 2022

Total fund balances of governmental funds (page 17)	\$ 3,815,747
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	9,604,511
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.	357,781
Internal Service Fund assets that are to be included with governmental funds.	54,212
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.	(8,408)
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	\$ 498,697
Deferred inflows of resources	<u>(2,791,233)</u> (2,292,536)
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.	<u>(1,222,332)</u>
Net position of governmental activities (page 14)	<u>\$ 10,308,975</u>

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, 2022

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Revenues:				
Local sources:				
Local tax	\$ 3,145,117	322,026	294,677	3,761,820
Tuition	420,140	-	-	420,140
Other	75,944	37,389	367,378	480,711
State sources	3,365,630	685,395	4,640	4,055,665
Federal sources	831,478	-	-	831,478
Total revenues	<u>7,838,309</u>	<u>1,044,810</u>	<u>666,695</u>	<u>9,549,814</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,197,283	-	26,869	3,224,152
Special	632,973	-	-	632,973
Other	1,007,985	-	318,510	1,326,495
	<u>4,838,241</u>	<u>-</u>	<u>345,379</u>	<u>5,183,620</u>
Support services:				
Student	75,293	-	-	75,293
Instructional staff	382,408	22,205	-	404,613
Administration	686,956	-	36,690	723,646
Operation and maintenance of plant	690,278	-	197,895	888,173
Transportation	261,357	60,360	27,564	349,281
	<u>2,096,292</u>	<u>82,565</u>	<u>262,149</u>	<u>2,441,006</u>
Non-instructional programs	<u>141,186</u>	<u>-</u>	<u>2,440</u>	<u>143,626</u>
Other expenditures:				
Facilities acquisition	-	631,747	-	631,747
Long-term debt:				
Principal	-	-	279,000	279,000
Interest and fiscal charges	-	-	22,845	22,845
AEA flowthrough	260,682	-	-	260,682
	<u>260,682</u>	<u>631,747</u>	<u>301,845</u>	<u>1,194,274</u>
Total expenditures	<u>7,336,401</u>	<u>714,312</u>	<u>911,813</u>	<u>8,962,526</u>
Excess (deficiency) of revenues over (under) expenditures	<u>501,908</u>	<u>330,498</u>	<u>(245,118)</u>	<u>587,288</u>
Other financing sources (uses):				
Transfers in	-	165,965	301,845	467,810
Proceeds from disposal of real property	5,344	-	-	5,344
Transfers out	(165,965)	(301,845)	-	(467,810)
Total other financing sources (uses)	<u>(160,621)</u>	<u>(135,880)</u>	<u>301,845</u>	<u>5,344</u>
Change in fund balances	341,287	194,618	56,727	592,632
Fund balances beginning of year	<u>1,627,830</u>	<u>984,689</u>	<u>610,596</u>	<u>3,223,115</u>
Fund balances end of year	<u>\$ 1,969,117</u>	<u>1,179,307</u>	<u>667,323</u>	<u>3,815,747</u>

See notes to financial statements.

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, 2022

Net change in fund balances - total governmental funds (page 20) \$ 592,632

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	\$ 879,007	
Depreciation expense	(615,846)	263,161

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. (23,154)

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	279,000	
Amortize bond discount costs	(1,374)	277,626

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. 3,001

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. 392,382

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	3,970	
Pension expense	275,179	
OPEB expense	(33,098)	246,051

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. 1,272

Change in net position of governmental activities (page 16) \$ 1,752,971

See notes to financial statements.

West Hancock Community School District
Britt, Iowa

Exhibit G

Statement of Net Position
Proprietary Funds

Year Ended June 30, 2022

	Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Assets		
Current assets:		
Cash, cash equivalents and pooled investments	\$ 238,397	54,212
Due from other governments	894	
Inventories	4,377	-
Total current assets	<u>243,668</u>	<u>54,212</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	11,172	-
Total assets	<u>254,840</u>	<u>54,212</u>
Deferred Outflows of Resources		
Pension related deferred outflows	<u>20,418</u>	-
Liabilities		
Current liabilities:		
Unearned revenue	13,645	-
Total current liabilities	<u>13,645</u>	-
Noncurrent liabilities:		
Net pension liability	19,490	-
Total OPEB liability	6,593	-
Total noncurrent liabilities	<u>26,083</u>	-
Total liabilities	<u>39,728</u>	-
Deferred Inflows of Resources		
Pension related deferred inflows	67,528	-
OPEB related deferred inflows	1,498	-
Total deferred inflows of resources	<u>69,026</u>	-
Net Position		
Net investment in capital assets	11,172	-
Unrestricted	155,332	54,212
Total net position	<u>\$ 166,504</u>	<u>54,212</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, 2022

	Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Operating revenues:		
Local sources:		
Charges for service	\$ 15,948	95,790
Miscellaneous	<u>8,577</u>	<u>103</u>
	<u>24,525</u>	<u>95,893</u>
Operating expenses:		
Instruction:		
Regular	<u>7,929</u>	<u>94,356</u>
Support Services:		
Administration	-	265
Operation and maintenance of plant	<u>4,082</u>	<u>-</u>
Total support services	<u>4,082</u>	<u>265</u>
Non-instructional programs:		
Food service operations:		
Salaries	91,569	-
Benefits	28,772	-
Purchased services	5,573	-
Supplies	174,741	-
Depreciation	<u>3,005</u>	<u>-</u>
	<u>303,660</u>	<u>-</u>
Total operating expenses	<u>315,671</u>	<u>94,621</u>
Operating gain (loss)	<u>(291,146)</u>	<u>1,272</u>
Non-operating revenues:		
State sources	2,513	-
Federal sources	418,793	-
Interest income	<u>604</u>	<u>-</u>
Total non-operating revenues	<u>421,910</u>	<u>-</u>
Other financing sources		
Transfer in	-	-
Increase in net position	130,764	1,272
Net position beginning of year	<u>35,740</u>	<u>52,940</u>
Net position end of year	<u>\$ 166,504</u>	<u>54,212</u>

See notes to financial statements.

West Hancock Community School District

Exhibit I

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2022

	Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 23,753	-
Cash received from other services	648	95,893
Cash paid to employees for services	(139,172)	(94,621)
Cash paid to suppliers for goods or services	(177,494)	-
Net cash provided by (used by) operating activities	(292,265)	1,272
Cash flows from non-capital financing activities:		
State grants received	3,034	-
Federal grants received	409,486	-
Net cash provided by non-capital financing activities	412,520	-
Cash flows from investing activities:		
Interest on investments	604	-
Net decrease in cash and cash equivalents	120,859	1,272
Cash and cash equivalents beginning of year	52,484	52,940
Cash and cash equivalents end of year	\$ 173,343	54,212

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2022	Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:		
Operating income (loss)	\$ (291,147)	1,272
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:		
Commodities used	9,307	-
Depreciation	3,005	-
(Increase) in accounts receivable	(883)	-
Decrease in inventories	(2,404)	-
(Decrease) in accounts payable	-	-
(Decrease) in unearned revenue	759	-
(Decrease) in net pension liability	(71,604)	-
(Increase) in deferred outflows of resources	(3,231)	-
Increase in deferred inflows of resources	63,060	-
Increase in OPEB liability	873	-
Net cash provided by (used by) operating activities	<u>\$ (292,265)</u>	<u>1,272</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, 2022

	Private Purpose <u>Trusts</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 5,893
Total assets	<u>5,893</u>
	.
Liabilities	
Accounts payable	-
Total liabilities	<u>-</u>
Net Position	
Restricted for scholarships	<u>\$ 5,893</u>

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, 2022

	Private Purpose <u>Trust</u>
Additions:	
Local sources:	
Interest on investments	\$ 75
Contributions	-
Total additions	<u>75</u>
Deductions:	
Instruction:	
Scholarships awarded	<u>1,241</u>
Total deductions	<u>1,241</u>
Change in net position	(1,166)
Net position beginning of year	<u>7,059</u>
Net position end of year	<u>\$ 5,893</u>

See notes to financial statements.

West Hancock Community School District
Britt, Iowa

Notes to Financial Statements

June 30, 2022

(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, 2022

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, 2022

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, 2022

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, 2022

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund 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, 2022

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2021.

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

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

West Hancock Community School District
Britt, Iowa

Notes to Financial Statements

June 30, 2022

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

Land and construction in progress are not depreciated. The other tangible property, plant, equipment, are depreciated using the straight line 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

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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.

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, 2022. 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.

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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.

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 classification

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E. Budgets and Budgetary Accounting

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

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, 2022, 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.

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

Depository accounts	\$ 3,006,618
Certificates of deposit	1,006,047
Iowa Schools Joint Investment Trust Diversified Portfolio	<u>90,985</u>
	\$ <u>4,103,650</u>
 Per Exhibit A	 \$ 4,097,757
Per Exhibit J	<u>5,893</u>
	\$ <u>4,103,650</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, 2022, 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, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. The District’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.

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(3) Due From and Due to Other Funds

The detail of interfund receivables and payables for the year ended June 30, 2022 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects	General Fund	\$ <u>28,931</u>
Total		\$ <u>28,931</u>

The interfund balance is a result of income tax surtax deposited in the wrong bank account and some small equipment purchased from the wrong fund. This will be repaid by subsequent fiscal year end.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2022 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 301,845
Capital Projects	General	<u>165,965</u>
Total		\$ <u>467,810</u>

The transfer from the Capital Projects to the Debt Service Fund was for principal and interest payments on the District's indebtedness. The transfer from the General Fund to the Capital Projects Fund was to transfer ESSER funding for improvements.

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(5) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 162,236	-	-	162,236
Construction in progress	<u>547,935</u>	<u>90,713</u>	<u>547,935</u>	<u>90,713</u>
Total capital assets not being depreciated	<u>710,171</u>	<u>90,713</u>	<u>547,935</u>	<u>252,949</u>
Capital assets being depreciated:				
Buildings	14,687,488	1,216,604	-	15,904,092
Improvements other than buildings	677,667	-	-	677,667
Furniture and equipment	<u>3,202,967</u>	<u>119,624</u>	-	<u>3,322,591</u>
Total capital assets being depreciated	<u>18,568,122</u>	<u>1,336,228</u>	-	<u>19,904,350</u>
Less accumulated depreciation for:				
Buildings	6,878,957	442,176	-	7,321,133
Improvements other than buildings	444,590	33,205	-	477,795
Furniture and equipment	<u>2,613,396</u>	<u>140,464</u>	-	<u>2,753,860</u>
Total accumulated depreciation	<u>9,936,943</u>	<u>615,845</u>	-	<u>10,552,788</u>
Total capital assets being depreciated, net	<u>8,631,179</u>	<u>720,383</u>	-	<u>9,351,562</u>
Governmental activities capital assets, net	<u>9,341,350</u>	<u>811,096</u>	<u>547,935</u>	<u>9,604,511</u>
<u>Business type activities:</u>				
Furniture and equipment	157,492	9,814	-	167,306
Less accumulated depreciation	<u>153,129</u>	<u>3,005</u>	-	<u>156,134</u>
Business type activities capital assets, net	<u>4,363</u>	<u>6,809</u>	-	<u>11,172</u>
Depreciation expense was charged to the following functions:				
Governmental activities:				
Instruction:				
Regular				\$ 62,679
Other				16,981
Support Services:				
Student services				-
Administration				10,098
Operation and maintenance of plant				4,076
Transportation				46,631
Unallocated				<u>475,380</u>
Total depreciation expense - governmental activities				\$ <u>615,845</u>
Business type activities:				
Food service operations				\$ <u>3,005</u>

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(6) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year		Due Within One Year
						-
Revenue Refunding bonds Series 2017	1,215,505	-	277,626	937,879	(1)	290,000
Compensated absences	5,590	1,620	5,590	1,620		1,620
Net pension liability	3,560,218	-	3,508,580	51,638		
Total OPEB liability	202,975	28,420	-	231,395		-
Total	<u>\$ 4,984,288</u>	<u>30,040</u>	<u>3,791,796</u>	<u>1,222,532</u>		<u>291,620</u>

(1) Bonds were sold at a discount; unamortized discount at June 30, 2022 totaled \$4,121

	Balance Beginning of Year	Additions	Reductions	Balance End of Year		Due Within One Year
Business type activities:						
Net pension liability	\$ 91,094	-	71,604	19,490		-
Total OPEB liability	5,720	873	-	6,593		-
Total	<u>\$ 96,814</u>	<u>873</u>	<u>71,604</u>	<u>26,083</u>		<u>-</u>

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Revenue Bonds

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

Year Ending June 30,	Bond Issue of November 1, 2017		
	Interest Rates	Principal	Interest
2023	2.11	290,000	16,817
2024	2.11	294,000	10,655
2025	2.11	303,000	4,357
2026	2.11	55,000	580
Total		\$ 942,000	32,409

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 \$974,409. For the current year, \$279,000 of principal and \$22,820 of interest paid on the bonds and total statewide sales, services and use tax revenues was \$681,350.

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

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

(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.

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:

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- 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.

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.

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

The District's contributions to IPERS for the year ended June 30, 2022 totaled \$399,135.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the District reported a liability of \$71,128 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the District's proportion was -0.020603%, which was a decrease of 0.072581% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension benefit of \$667,561. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54,118	54,338
Changes of assumptions	46,523	-
Net difference between projected and actual earnings on IPERS' investments	-	2,577,069
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	9,754	170,986
District contributions subsequent to the measurement date	399,135	-
Total	\$ 509,530	2,802,393

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\$399,135 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 June 30,	Amount
2023	(625,583)
2024	(629,135)
2025	(582,781)
2026	(697,926)
2027	(156,573)
Total	<u>\$ (2,691,998)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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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>	

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.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$ 2,517,438	71,128	(1,979,036)

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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.

Payables to IPERS – At June 30, 2022, 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.

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

Inactive employees or beneficiaries currently receiving benefit payments	4
Active employees	<u>77</u>
Total	<u>81</u>

Total OPEB Liability – The District's total OPEB liability of \$237,788 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

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

Rate of inflation (effective June 30, 2021)	3.00% per annum.
Rate of salary increase (effective June 30, 2021)	0.00% per annum, including inflation.
Discount rate (effective June 30, 2021)	2.37% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2021)	6.00% per annum.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.66% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ <u>208,695</u>
Changes for the year:	
Service cost	21,228
Interest	5,738
Recognition of deferred inflows/outflows	(5,333)
Demographic change	13,186
Changes in assumptions	2,811
Benefit payments	<u>(8,537)</u>
Net changes	<u>29,093</u>
Total OPEB liability end of year	\$ <u>237,788</u>

The discount rate decreased from 2.66% to 2.37%.

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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 (1.37%) or 1% higher (3.37%) than the current discount rate.

	1% Decrease (1.37%)	Discount Rate (2.37%)	1% Increase (3.37%)
Total OPEB liability	\$ 208,166	237,786	273,198

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 (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	\$ 260,792	237,786	217,133

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the District recognized OPEB expense of \$16,828. At June 30, 2022, the District reported deferred inflows of resources related to OPEB from the following resources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,661
Changes in assumptions	9,630
Total	\$ <u>48,291</u>

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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>	
2023	\$ 5,635
2024	5,635
2025	5,635
2026	5,635
2027	5,635
Thereafter	20,116
	<u>\$ 48,291</u>

(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 \$260,682 for the year ended June 30, 2022 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

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(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, 2022.

<u>Program</u>	<u>Amount</u>
Teacher salary supplement	\$ 18,595
Preschool program	133,820
Dropout/Dropout prev.	60,908
Other	495
Teacher Quality Professional Development	8,421
Early Literacy	10,682
TLC Planning	<u>127,662</u>
Total	<u>\$ 360,583</u>

(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, 2022 property tax revenues were not reduced by tax abatements programs of other entities.

West Hancock Community School District
Britt, Iowa

Notes to Financial Statements

June 30, 2022

(13) Prospective Accounting Changes

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.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, 2022

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. 100, Accounting Changes and Error Corrections – Amendment of GASB No. 62. This statement will be implemented for the fiscal year ending June 30, 2024. This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

The Governmental Accounting Standards Board has issued Statement No. 101, Compensated Absences. This statement will be implemented for the fiscal year ending June 30, 2025. This statement clarifies the recognition and measurement guidance for compensated absences. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

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 October 25, 2024 which is the date the financial statements were available to be issued. The District approved a bid for a new track for approximately \$585,000 to be paid from SAVE funds. The District also approved a bid of \$75,000 for moisture mitigation.

West Hancock Community School District
Britt, Iowa

Notes to Financial Statements

June 30, 2022

(15) Implementation of New Accounting Standard

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during fiscal year 2022. The new requirements establish new accounting requirements for leases. This accounting change did not result in any changes to the financial statements as the District currently does not have any leases that are subject to the new accounting standard.

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, 2022

	Governmental Funds <u>Actual</u>	Proprietary Fund <u>Actual</u>
Revenues:		
Local sources	\$ 4,662,671	25,129
State sources	4,055,665	2,513
Federal sources	831,478	418,793
Total revenues	<u>9,549,814</u>	<u>446,435</u>
Expenditures/Expenses:		
Instruction	5,183,620	7,929
Support services	2,441,006	4,082
Non-instructional programs	143,626	303,660
Other expenditures	<u>1,194,274</u>	<u>-</u>
Total expenditures/expenses	<u>8,962,526</u>	<u>315,671</u>
Excess (deficiency) of revenues over (under) expenditures	587,288	130,764
Other financing sources, net	<u>5,344</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	592,632	130,764
Balances beginning of year	<u>3,223,115</u>	<u>35,740</u>
Balances end of year	<u>\$ 3,815,747</u>	<u>166,504</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>	
4,687,800	4,878,908	4,878,908	(191,108)
4,058,178	3,956,200	3,956,200	101,978
1,250,271	785,000	785,000	465,271
<u>9,996,249</u>	<u>9,620,108</u>	<u>9,620,108</u>	<u>376,141</u>
5,191,549	5,745,000	5,745,000	553,451
2,445,088	2,618,000	2,618,000	172,912
447,286	450,000	450,000	2,714
1,194,274	1,384,211	1,384,211	189,937
<u>9,278,197</u>	<u>10,197,211</u>	<u>10,197,211</u>	<u>919,014</u>
718,052	(577,103)	(577,103)	1,295,155
<u>5,344</u>	<u>5,000</u>	<u>5,000</u>	<u>344</u>
723,396	(572,103)	(572,103)	1,295,499
<u>3,258,855</u>	<u>2,892,404</u>	<u>2,892,404</u>	<u>366,451</u>
<u>3,982,251</u>	<u>2,320,301</u>	<u>2,320,301</u>	<u>1,661,950</u>

West Hancock Community School District
Britt, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2022

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated 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.

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 Eight Years*
(In Thousands)

Required Supplementary Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.005074%	0.051978%	0.054594%	0.054001%
District's proportionate share of the net pension liability	\$ 71	3,651	3,161	3,417
District's covered payroll	\$ 4,118	4,120	4,151	4,059
District's proportionate share of the net pension liability as a percentage of its covered payroll	1.72%	88.62%	76.15%	84.18%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%

* 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.054622%	0.053249%	0.053321%	0.054129%
3,639	3,351	2,634	2,147
4,077	3,822	3,649	3,509
89.26%	87.68%	72.18%	61.19%
82.21%	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 Ten Years
(In Thousands)

Required Supplementary Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 399	389	389	392	363
Contributions in relation to the statutorily required contribution	<u>(399)</u>	<u>(389)</u>	<u>(389)</u>	<u>(392)</u>	<u>(363)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ 4,228	4,118	4,120	4,151	4,059
Contributions as a percentage of covered payroll	9.44%	9.45%	9.44%	9.44%	8.93%

See accompanying independent auditor's report

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
364	341	326	326	302
<u>(364)</u>	<u>(341)</u>	<u>(326)</u>	<u>(326)</u>	<u>(302)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4,077	3,822	3,649	3,509	3,429
8.93%	8.93%	8.93%	8.93%	8.67%

West Hancock Community School District
Britt, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

West Hancock Community School District

Britt, Iowa

Schedule of Changes in the District's

Total OPEB Liability, Related Ratios and Notes
For the Last Five Years

Required Supplementary Information

	2022	2021
Service cost	\$ 21,228	\$ 14,826
Interest cost	5,738	6,642
Difference between expected and actual experiences	-	-
Changes in assumptions	2,811	-
Demographic changes	13,186	-
Recognition of Deferred Inflows/Outflows	(5,333)	(7,059)
Benefit payments	(8,357)	(4,212)
Net change in total OPEB liability	29,273	10,197
Total OPEB liability beginning of year	208,695	198,498
Total OPEB liability end of year	237,968	208,695
Covered-employee payroll	\$ 4,268,717	\$ 4,302,098
Total OPEB liability as a percentage of covered-employee payroll	5.57%	4.85%

See accompanying independent auditor's report.

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2022	2.37%
Year ended June 30, 2021	2.66%
Year ended June 30, 2020	3.15%
Year ended June 30, 2019	3.72%
Year ended June 30, 2018	3.72%

2020	2019	2018
14,829	15,589	15,589.00
6,345	7,888	7,697.00
-	(8,613)	(7,831.00)
9,716	-	-
(33,508)	-	-
(6,443)	-	-
(5,161)	(8,468)	(13,208.00)
(14,222)	6,396	2,247
212,720	206,324	204,077
198,498	212,720	206,324
3,846,735	3,881,879	3,776,590
5.16%	5.48%	5.46%

Supplementary Information

West Hancock Community School District
Britt, Iowa

Schedule 1

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2022

	Special Revenue			<u>Total</u>
	<u>Student Activity</u>	<u>Management Levy</u>	<u>Playground Equipment Recreation Levy</u>	
Assets				
Cash, cash equivalents and pooled investments	\$ 167,531	\$ 425,159	71,337	664,027
Receivables:				
Property tax:				
Delinquent	-	1,945	1,989	3,934
Succeeding year	-	200,000	42,641	242,641
Accounts	-	-	-	-
Total assets	<u>\$ 167,531</u>	<u>\$ 627,104</u>	<u>115,967</u>	<u>910,602</u>
Liabilities, Deferred Inflows of Resources And Fund Balances				
Liabilities:				
Accounts payable	\$ 638	\$ -	-	638
Total liabilities	<u>638</u>	<u>-</u>	<u>-</u>	<u>638</u>
Deferred inflows of resources				
Unavailable revenues:				
Succeeding year property tax	-	200,000	42,641	242,641
Fund balances:				
Restricted for:				
Student activities	166,893	-	-	166,893
Management levy purposes	-	427,104	-	427,104
Recreation levy purposes	-	-	73,326	73,326
Total fund balances	<u>166,893</u>	<u>427,104</u>	<u>73,326</u>	<u>667,323</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 167,531</u>	<u>\$ 627,104</u>	<u>115,967</u>	<u>910,602</u>

See accompanying independent auditor's report.

West Hancock Community School District
Britt, Iowa

Schedule 2

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

Year ended June 30, 2022

	Special Revenue				
	Student	Management	Debt	Playground Equipment Recreation	
	<u>Activity</u>	<u>Levy</u>	<u>Service</u>	<u>Levy</u>	<u>Total</u>
Revenues:					
Local sources:					
Local tax	\$ -	\$ 249,894	-	44,783	294,677
Other	365,980	1,250	-	148	367,378
State sources	-	3,955	-	685	4,640
Total revenues	<u>365,980</u>	<u>255,099</u>	<u>-</u>	<u>45,616</u>	<u>666,695</u>
Expenditures:					
Current:					
Instruction:					
Regular	-	26,869	-	-	26,869
Special		-			-
Other	318,510	-	-	-	318,510
Support services:					
Administration	-	7,825	-	28,865	36,690
Operation and maintenance of plant	-	197,895	-	-	197,895
Transportation	-	27,564	-	-	27,564
Non0 instructional programs					
Community service operations		-		2,440	2,440
Long-term debt:					
Principal	-	-	279,000	-	279,000
Interst and fiscal charges	-	-	22,845	-	22,845
Total expenditures	<u>318,510</u>	<u>260,153</u>	<u>301,845</u>	<u>31,305</u>	<u>911,813</u>
Other financing sources					
Transfer in	-	-	301,845	-	301,845
Transfer out	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>301,845</u>	<u>-</u>	<u>301,845</u>
Excess (deficiency) of revenues over expenditures	47,470	(5,054)	-	14,311	56,727
Fund balances beginning of year	<u>119,423</u>	<u>432,158</u>	<u>-</u>	<u>59,015</u>	<u>610,596</u>
Fund balances end of year	<u>\$ 166,893</u>	<u>\$ 427,104</u>	<u>\$ -</u>	<u>73,326</u>	<u>667,323</u>

See accompanying independent auditor's report.

West Hancock Community School District
Britt, Iowa

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2022

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Intra- Fund Transfers</u>	<u>Balance End of Year</u>
Athletics	\$ 10,407	70,262	69,236	-	11,433
Class of 2023	30	47,190	36,155	-	11,065
Class of 2021	4,562	-	4,562	-	-
Class of 2020	1,406	-	1,406	-	-
Class of 2022	3,953	3,588	7,864	323	-
FFA	13,050	26,037	16,761	-	22,326
FCCLA	604	-	-	-	604
SES	346	-	-	-	346
Student Council	2,985	4,295	3,955	-	3,325
Vocal Music	111	2,403	2,476	-	38
Cheerleaders	2,417	2,000	184	-	4,233
JR/Sr High Band	2,652	4,096	3,253	1,309	4,804
Drama	3,991	455	752	-	3,694
Pep Club	324	4,312	-	-	4,636
Art Club	170	-	61	-	109
Uniforms	3,722	37,878	28,764	-	12,836
Yearbook	5,776	3,625	1,989	-	7,412
Stats	113	-	-	-	113
Wrestling	191	1,089	722	-	558
Football/Weight Lifting	2,497	3,337	3,613	-	2,221
Boys Basketball	493	470	352	-	611
Baseball	959	625	594	-	990
Interest	10,139	688	79	-	10,748
Speech	47	331	378	-	-

West Hancock Community School-District
Britt, Iowa

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2022

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Intra- Fund Transfers</u>	<u>Balance End of Year</u>
Volleyball	1,708	629	267	-	2,070
Business Club	7,716	6,848	5,711	-	8,853
Softball	739	-	242	-	497
Junior High Interest	3,725	262	-	-	3,987
Golf Co-Ed	143	-	-	-	143
Junior High Student Projects	8,979	28,903	23,195	(1,309)	13,378
Elementary Accelerated Reading	4,341	15,706	11,154	-	8,893
High School Student Projects	3,290	7,558	3,020	(323)	7,505
Boys Track	2,076	-	23	-	2,053
Angels for Education	253	-	-	-	253
Fundraiser - Bleachers, Scoreboard, GRH	14,318	93,393	91,742	-	15,969
Swat	1,190	-	-	-	1,190
Total	<u>\$ 119,423</u>	<u>365,980</u>	<u>318,510</u>	<u>-</u>	<u>166,893</u>

See accompanying independent auditor's report.

West Hancock Community School District
Britt, Iowa

Schedule 4

Combining Balance Sheet
Capital Projects Fund Accounts

June 30, 2022

	Capital Projects		
	Statewide	Physical	
	Sales, Service	Plant and	
	and Use Tax	Equipment	
		Levy	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 736,187	365,970	1,102,157
Receivables:	-		
Property tax:	-		
Delinquent	-	336	336
Succeeding year	-	281,764	281,764
Interest receivable	-	-	-
Due from other funds	-	28,931	28,931
Due from other governments	47,883	65,051	112,934
Total assets	<u>\$ 784,070</u>	<u>742,052</u>	<u>1,526,122</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenues:			
Income Surtax	-	65,051	65,051
Succeeding year property tax	-	281,764	281,764
Total deferred inflows of resources	<u>-</u>	<u>346,815</u>	<u>346,815</u>
Fund balances:			
Restricted for:			
School infrastructure	784,070	-	784,070
Physical plant and equipment	-	395,237	395,237
Total fund balances	<u>784,070</u>	<u>395,237</u>	<u>1,179,307</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 784,070</u>	<u>742,052</u>	<u>1,526,122</u>

West Hancock Community School District
Britt, Iowa

Schedule 5

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

Year ended June 30, 2022

	Capital Projects		
	Statewide	Physical	
	Sales, Services	Plant and	
	and Use Tax	Equipment	
		Levy	Total
Revenues:			
Local sources:			
Local tax		322,026	322,026
Other	1,203	36,186	37,389
State sources	681,350	4,045	685,395
Total revenues	682,553	362,257	1,044,810
Expenditures:			
Other expenditures:			
Instructional staff	-	22,205	22,205
Operation and Maintenance of Plant	-	-	-
Transportation	-	60,360	60,360
Facilities acquisition	419,809	211,938	631,747
Total expenditures	419,809	294,503	714,312
Excess (deficiency) of revenues over (under) expenditures	262,744	67,754	330,498
Other financing sources (uses):			
Transfers in	165,965		165,965
Transfers (out)	(301,845)	-	(301,845)
Total other financing sources (uses)	(135,880)	-	(135,880)
Change in fund balances	126,864	67,754	194,618
Fund balances beginning of year	657,206	327,483	984,689
Fund balances end of year	\$ 784,070	395,237	1,179,307

See accompanying independent auditor's report.

West Hancock Community School District
Britt, Iowa

Schedule 6

Combining Balance Sheet
Proprietary Funds

June 30, 2022

	School <u>Nutrition</u>	<u>Preschool</u>	<u>Total</u>
Assets			
Current assets:			
Cash, cash equivalents and pooled investments	\$ 238,397	-	238,397
Accounts receivable	894	-	894
Due from other governments	-	-	-
Inventories	4,377	-	4,377
Total current assets	<u>243,668</u>	<u>-</u>	<u>243,668</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>11,172</u>	<u>-</u>	<u>11,172</u>
Total assets	<u>254,840</u>	<u>-</u>	<u>254,840</u>
Deferred Outflows of Resources			
Pension related deferred outflows	20,418	-	20,418
OPEB related deferred outflows	-	-	-
Total deferred outflows of resources	<u>20,418</u>	<u>-</u>	<u>20,418</u>
Liabilities			
Current liabilities:			
Unearned Revenue	<u>13,645</u>	<u>-</u>	<u>13,645</u>
Total current liabilities	<u>13,645</u>	<u>-</u>	<u>13,645</u>
Noncurrent liabilities:			
Net pension liability	19,490	-	19,490
Total OPEB liability	<u>6,593</u>	<u>-</u>	<u>6,593</u>
Total noncurrent liabilities	<u>26,083</u>	<u>-</u>	<u>26,083</u>
Total liabilities	<u>39,728</u>	<u>-</u>	<u>39,728</u>
Deferred Inflows of Resources			
Pension related deferred inflows	67,528	-	67,528
OPEB related deferred inflows	<u>1,498</u>	<u>-</u>	<u>1,498</u>
Total deferred inflows of resources	<u>69,026</u>	<u>-</u>	<u>69,026</u>
Net Position			
Net investment in capital assets	11,172	-	11,172
Unrestricted	<u>155,332</u>	<u>-</u>	<u>155,332</u>
Total net position	<u>\$ 166,504</u>	<u>-</u>	<u>166,504</u>

See accompanying independent auditor's report.

West Hancock Community School District
Britt, Iowa

Schedule 7

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

Year ended June 30, 2022

	<u>School Nutrition</u>	<u>Preschool</u>	<u>Total</u>
Operating revenues:			
Local sources:			
Charges for service	\$ 15,948	7,929	23,877
Miscellaneous	648	-	648
Total operating revenues	<u>16,596</u>	<u>7,929</u>	<u>24,525</u>
Operating expenses:			
Instruction:			
Regular	-	7,929	7,929
Support Services:			
Operation and maintenance of plant	4,082	-	4,082
Non-instructional programs:			
Salaries	91,569	-	91,569
Benefits	28,772	-	28,772
Purchased services	5,573	-	5,573
Supplies	174,742	-	174,742
Depreciation	3,005	-	3,005
Total operating expenses	<u>307,743</u>	<u>7,929</u>	<u>315,672</u>
Operating income (loss)	<u>(291,147)</u>	-	<u>(291,147)</u>
Non-operating revenues:			
State sources	2,514	-	2,514
Federal sources	418,793	-	418,793
Interest income	604	-	604
Total non-operating revenues	<u>421,911</u>	-	<u>421,911</u>
Income (loss) before transfer in	<u>130,764</u>	-	<u>130,764</u>
Transfer in	-	-	-
Increase (decrease) in net position	130,764	-	130,764
Net position beginning of year	35,740	-	35,740
Net position end of year	<u>\$ 166,504</u>	-	<u>166,504</u>

See accompanying independent auditor's report.

West Hancock Community School District
Britt, Iowa

Schedule 8

Combining Schedule of Cash Flows
Nonmajor Enterprise Funds

Year ended June 30, 2022

	<u>School Nutrition</u>	<u>Preschool</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 15,824	7,929	23,753
Cash received from other services	648	-	648
Cash paid to employees for services	(131,243)	(7,929)	(139,172)
Cash paid to suppliers for goods or services	(177,494)	-	(177,494)
Net cash (used by) operating activities	<u>(292,265)</u>	<u>-</u>	<u>(292,265)</u>
Cash flows from non-capital financing activities:			
State grants received	3,034	-	3,034
Federal grants received	409,486	-	409,486
Net cash provided by non-capital financing activities	<u>412,520</u>	<u>-</u>	<u>412,520</u>
Cash flows from capital and repated financing activities:			
Acquisition of capital assets	<u>(9,814)</u>	<u>-</u>	<u>(9,814)</u>
Cash flows from investing activities:			
Interest on investments	<u>604</u>	<u>-</u>	<u>604</u>
Net increase in cash and cash equivalents	111,045	-	120,859
Cash and cash equivalents beginning of year	<u>127,352</u>	<u>-</u>	<u>120,859</u>
Cash and cash equivalents end of year	<u>\$ 238,397</u>	<u>-</u>	<u>238,397</u>

West Hancock Community School District
Britt, Iowa

Combining Schedule of Cash Flows
Nonmajor Enterprise Funds

Year ended June 30, 2022

	<u>School Nutrition</u>	<u>Preschool</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided by (used by) operating activities:			
Operating (loss)	\$ (291,147)	-	(291,147)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:			
Commodities used	9,307	-	9,307
Depreciation	3,005	-	3,005
(Increase) decrease in accounts receivable	(883)	-	(883)
(Increase) decrease in inventories	(2,404)	-	(2,404)
Increase (decrease) in accounts payable	-	-	-
Increase (decrease) in unearned revenue	759	-	759
Increase (decrease) in net pension liability	(71,604)	-	(71,604)
(Increase) decrease in deferred outflows of resources	(3,231)	-	(3,231)
Increase (decrease) in deferred inflows of resources	63,060	-	63,060
Increase (decrease) in OPEB liability	873	-	873
Net cash (used by) operating activities	<u>\$ (292,265)</u>	<u>-</u>	<u>(292,265)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2022, the District received \$9,307 of federal commodities.

See accompanying independent auditor's report.

West Hancock Community School District
Britt, Iowa

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Ten Years

	Modified Accrual Basis				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues:					
Local sources:					
Local tax	\$ 3,761,820	3,669,012	3,546,139	3,828,392	3,761,772
Tuition	420,140	517,838	467,596	505,321	514,956
Other	480,711	319,807	547,813	459,691	384,335
Intermediate sources	-	-	-	-	-
State sources	4,055,665	3,898,859	3,629,564	3,543,217	3,585,141
Federal sources	831,478	532,758	340,695	364,771	371,634
Total	<u>\$ 9,549,814</u>	<u>8,938,274.00</u>	<u>8,531,807</u>	<u>8,701,392</u>	<u>8,617,838</u>
Expenditures:					
Instruction:					
Regular	\$ 3,224,152	3,274,499	2,998,343	2,951,752	3,006,249
Special	632,973	695,083	705,132	710,343	670,925
Other	1,326,495	1,190,865	1,275,665	1,319,825	1,302,348
Support services:					
Student	75,293	77,952	70,304	70,753	72,127
Instructional staff	404,613	373,548	342,383	326,288	354,491
Administration	723,646	775,576	783,922	816,252	832,452
Operation and maintenance of plant	888,173	851,137	802,971	788,847	762,618
Transportation	349,281	279,758	278,123	290,195	292,161
Other support	-	-	-	-	-
Non-instructional programs	143,626	121,000	100,559	5,500	28,700
Other expenditures:					
Facilities acquisition	631,747	569,307	730,260	573,242	129,300
Long-term debt:					
Principal	279,000	275,000	267,500	2,616,000	680,000
Interest and other charges	22,845	28,689	34,527	185,115	170,544
AEA flowthrough	260,682	258,806	255,509	251,918	254,827
Total	<u>\$ 8,962,526</u>	<u>8,771,220</u>	<u>8,645,198</u>	<u>10,906,030</u>	<u>8,556,742</u>

See accompanying independent auditor's report.

Schedule 9

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
4,028,929	3,229,101	3,206,166	3,385,561	3,848,606
384,910	386,719	313,858	332,134	319,592
466,599	492,113	405,264	326,696	360,457
-	-	-	-	-
3,290,446	3,784,055	3,676,269	3,415,217	3,049,301
408,619	370,048	342,022	225,204	225,800
<u>8,579,503</u>	<u>8,262,036</u>	<u>7,943,579</u>	<u>7,684,812</u>	<u>7,803,756</u>
2,990,500	3,080,501	2,857,651	2,864,062	2,701,814
708,750	751,980	712,446	575,464	552,747
1,309,000	1,052,439	1,161,225	1,094,405	1,130,980
66,524	136,200	66,149	66,050	63,791
333,370	158,876	185,259	154,006	230,544
807,763	757,469	698,651	664,559	584,130
733,085	769,250	824,679	756,262	670,775
280,935	321,030	291,211	362,539	289,067
-	-	-	-	-
386	7,500	-	27,249	-
227,394	357,838	194,681	116,819	161,355
635,000	775,000	610,000	648,091	681,444
140,033	157,392	171,638	179,306	190,620
252,733	258,967	247,236	248,131	242,057
<u>8,485,473</u>	<u>8,584,442</u>	<u>8,020,826</u>	<u>7,756,943</u>	<u>7,499,324</u>

West Hancock Community School District
Britt, Iowa

Schedule 10

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

<u>Grantor/Program</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY 22	54,271
National School Lunch Program	10.555	FY 22	353,426 *
COVID-19, National School Lunch Program	10.555	FY 22	10,482
Total Child Nutrition Cluster			<u>418,179</u>
Pandemic EBT Administrative Costs	10.649	FY 22	614
Total U.S. Department of Agriculture			<u>418,793</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 22	<u>70,823</u>
Career and Technical Education - Basic Grants to States	84.048	FY22	<u>4,508</u>
Supporting Effective Instruction State Grant	84.367	FY 33	<u>15,850</u>
Student Support and Academic Enrichment Program	84.424	FY22	<u>10,000</u>
Small Rural School Achievement Program	84.358	FY 22	<u>41,481</u>
Education Stabilization Fund:			
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D		82,432
COVID-19 ARP Elementary and Secondary School Emergency Relief Fund (ESSER III- Learning Loss)	84.425U		77,039
COVID-19 ARP Elementary and Secondary School Emergency Relief Fund (ESSER III)	84.425U		260,762
COVID-19 ARP Elementary and Secondary School Emergency Relief Fund (ESSER III - Teacher Retention)	84.425U		<u>45,213</u>
Total Education Stabilization Fund			<u>465,446</u>
Prairie Lakes Education Area Agency			
Special Education Grants to States	84.027	FY 22	4,061
Special Education Grants to States	84.027X	FY 22	<u>26,320</u>
			<u>30,381</u>
Total U.S. Department of Education			<u>638,489</u>
U.S. Department of Health and Human Services:			
Drug Free Community Support Program	93.276	2H79SP020437-06	<u>141,186</u>
Total			<u>1,198,468</u>

* - Includes \$9,307 of non-cash awards.

West Hancock Community School District
Britt, Iowa

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

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

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate - West Hancock Community School District does not utilize an indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

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

Certified Public Accountants

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
West Hancock Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Hancock Community School District as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 25, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Hancock Community School District's internal control over financial reporting as a basis for designing the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Hancock Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Hancock Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency,

or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part IV of the accompanying Schedule of Findings and Questioned Costs as item 2022-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part IV of the accompanying Schedule of Findings and Questioned Costs as item 2022-002 to be a significant deficiency.

Compliance and Other Matters

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

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

West Hancock Community School District's Responses to Findings

West Hancock Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. West Hancock Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

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

October 25, 2024

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

Certified Public Accountants

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Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Education of
West Hancock Community School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Hancock Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal program for the year ended June 30, 2022. West Hancock Community School District's major federal programs are identified in the summary of auditor's result section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion of Each Major Federal Program

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

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

Responsibility of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on West Hancock Community School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about West Hancock Community School District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-003 to be a material weakness.

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

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

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

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

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

October 25, 2024

West Hancock Community School District
Britt, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A significant deficiency and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over the major program was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major programs were as follows:
 - Education Stabilization Fund
 - Drug Free Community Support Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) West Hancock Community School District did not qualify as a low-risk auditee.

West Hancock Community School District
Britt, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES

2022-001 Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control.

A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the District's financial statements.

Condition – Various duties such as recording and processing cash receipts, preparing checks and bank reconciliations, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information may be prepared by the same person.

Cause – The District has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the District's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the District is giving copies of the bank statements, along with the reconciliations to the Board, which helps mitigate this deficiency.

Conclusion – Response accepted. The District should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

West Hancock Community School District
Britt, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

2022-002 Preparation of Financial Statements

Criteria – The District should have a system of internal control that allows for the preparation of financial statements and disclosures that are fairly presented in conformity with generally accepted accounting principles.

Condition – As is inherent in many governmental entities of this size, the District has management and employees who, while knowledgeable and skillful, do not have the time to maintain the current knowledge and expertise needed to fully apply generally accepted accounting principles in preparing the financial statements and the related disclosures.

Cause – Management has concluded that relying on the assistance of the auditor to draft the financial statements is more cost-effective than hiring additional staff or having existing staff obtain training necessary to do this.

Effect – The potential effect of this control weakness is that errors could occur in the financial statements and not be detected by management.

Recommendation – We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, can be considered costly and ineffective. However, it is the responsibility of District management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response – Management feels that committing the resources to remain current on reporting requirements and corresponding footnote disclosures would lack benefit in relation to the cost, but will continue to evaluate the risks to be accepted in preparation of the financial statements.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

West Hancock Community School District
Britt, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 84.425D: COVID-19 Elementary and Secondary School Emergency Relief Fund

CFDA Number 84.425U: COVID-19 Elementary and Secondary School Emergency Relief Fund

Pass-Through Entity Identifying Number: N/A

Federal Award Year: 2022

U.S. Department of Education

Passed through the Iowa Department of Education

CFDA Number 93.276: Drug Free Community Support Program

2022-003 Segregation of Duties – The District did not properly segregate custody, record-keeping and reconciling functions, including those related to federal programs. See 2022-001.

West Hancock Community School District
Britt, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Part IV: Other Findings Related to Statutory Reporting:

- 2022-A Certified Budget – Expenditures for the year ended June 30, 2021 did not exceed the amounts budgeted.
- 2022-B Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- 2022-C Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- 2022-D Business Transactions – No business transactions between the District and District officials or employees were noted.
- 2022-E Restricted Donor Activity – No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2022-F Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to ensure that the coverage is adequate for current operations.
- 2022-G Board Minutes – We noted no transactions requiring Board approval which had not been approved by the Board.
- 2022-H Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- 2022-I Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

West Hancock Community School District
Britt, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

- 2022-J Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- 2022-K Certified Annual Report – The Certified Annual Report was filed with the Department of Education timely.
- 2022-L Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- 2022-M Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2022, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 657,206
Revenues:		
Sales tax revenues	\$ 681,351	
Other local revenues	1,202	
Transfers in	<u>165,965</u>	
		848,518
Expenditures/transfers out:		
Facilities Acquisition & Construction	418,810	
Other	1,000	
Transfers out	<u>301,845</u>	<u>721,655</u>
Ending balance		\$ <u>784,069</u>

West Hancock Community School District
Britt, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

2022-N Natural Gas Risk Pool – The District joined a natural gas risk pool and made a premium payment from the Management Fund for the year ended June 30, 2022. The Iowa Department of Education has said this is an unallowable expense of the Management Fund. However, the Iowa Office of Auditor of State has said this is an appropriate use of the Management Fund.

Recommendation – The District should also reserve the General Fund dollars saved by the program until such time this matter is officially resolved, either administratively or in the courts.

Response – We disagree with the Iowa Department of Education and will discuss reserving General Fund dollars.

Conclusion – Response accepted.

West Hancock Community Schools

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West Hancock Community School District
Britt, Iowa

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

Comment Reference	Comment Title	Status	If not corrected, provide reason for finding's recurrence and planned correction action or other explanation
2021-001	Segregation of duties	Not corrected.	See explanation and corrective action plan at 2022-001
2021-002	Preparation of financial statements	Not corrected.	See explanation and corrective action plan at 2022-002.

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West Hancock Community School District
Britt, Iowa

Corrective Action Plan

Year Ended June 30, 2022

Comment Reference	Comment Title	Corrective Action Plan	Contact Person, Title, Phone Number	Anticipated Date of Completion
2022-001	Segregation of duties	See response and corrective action plan at 2022-001.	Beth DeGroote Business Manager 641-843-3863	N/A
2022-002	Preparation of financial statements	See response and corrective action plan at 2022-002.	Beth DeGroote Business Manager 641-843-3863	N/A

