

SHENANDOAH COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

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Shenandoah Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Jean Fichter	President	2021
Adam Van Der Vliet	Vice President	2021
Darrin Bouray	Board Member	2023
Jeff Hiser	Board Member	2023
Kathy Langley	Board Member	2021
School Officials		
Dr. Kerri Nelson	Superintendent	2021
Lisa Holmes	Board Secretary/Treasurer	2021
Sherri Ruzek	School Business Official	2021
Ahlers & Cooney, P.C.	Attorney	2021

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of Shenandoah Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Shenandoah Community School District, Shenandoah, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of a Matter

As discussed in Note 16 to the financial statements, Shenandoah Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 15 and 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Shenandoah Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2020 (which are not presented herein) and expressed an unmodified opinion on those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2022 on our consideration of Shenandoah 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 Shenandoah Community School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Nolte, Cornman & Johnson PC". The signature is written in a cursive, flowing style.

NOLTE, CORNMAN & JOHNSON, P.C.

June 22, 2022
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2021 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$12,606,742 in fiscal year 2020 to \$13,413,532 in fiscal year 2021, while General Fund expenditures increased from \$12,481,599 in fiscal year 2020 to \$13,715,047 in fiscal year 2021. The District's General Fund balance decreased from \$2,854,898 at June 30, 2020 to \$2,553,383 at June 30, 2021, a 10.56% decrease.
- The increase in General Fund revenues was attributable to an increase in federal revenues. The increase in expenditures was mainly due to an increase in instruction costs incurred.
- The District's total net position decreased from \$11,108,592 at June 30, 2020 to \$10,608,650 at June 30, 2021. Total revenues increased from \$16,218,159 in fiscal year 2020 to \$16,742,171 in fiscal year 2021, a 3.25% increase, while total expenses increased from \$15,609,876 in fiscal year 2020 to \$17,242,113 in fiscal year 2021, a 10.46% increase compared to the prior year. The increase in total revenues was due in part to an increase in operating grants, contributions and restricted interest revenues compared to the prior year while the increase in expenses occurred primary in the support services function.
- The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities, during fiscal year 2021. The beginning net position for fiduciary (custodial) funds was restated by \$1,280 to retroactively report fiduciary funds in accordance with the GASBS.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Shenandoah Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental and business type activities were financed in the short term as well as what remains for future spending. Fund financial statements report Shenandoah Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Shenandoah Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

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

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

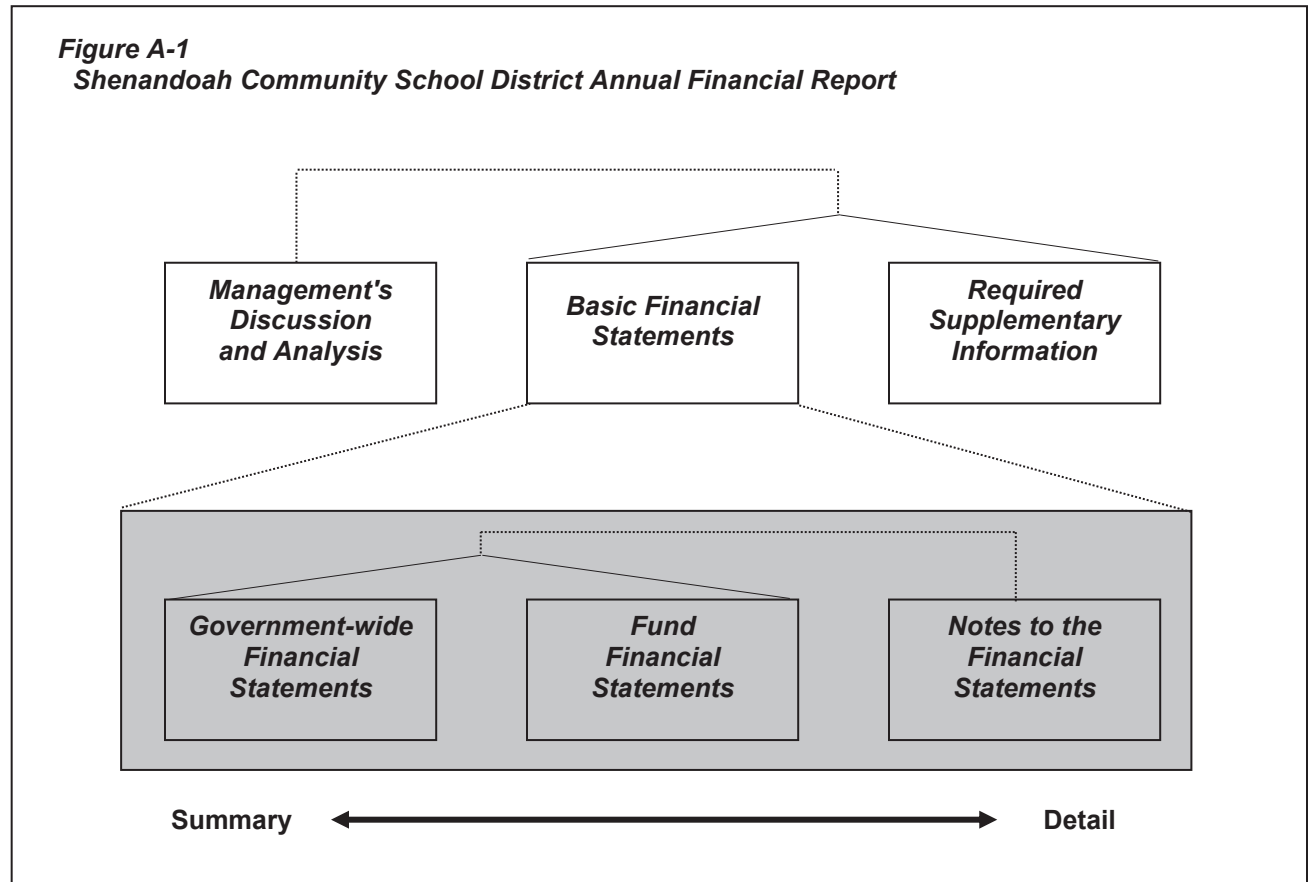


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

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

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

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities, but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

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

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

- Custodial Fund - These are funds through which the District administers and accounts for certain employee groups as a fiscal agent.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2021 compared to June 30, 2020.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2021	2020	2021	2020	2021	2020	2020-21
Current and other assets	\$ 12,803,005	16,692,265	166,837	85,755	12,969,842	16,778,020	-22.70%
Capital assets	18,738,891	17,021,876	31,490	38,863	18,770,381	17,060,739	10.02%
Total assets	<u>31,541,896</u>	<u>33,714,141</u>	<u>198,327</u>	<u>124,618</u>	<u>31,740,223</u>	<u>33,838,759</u>	<u>-6.20%</u>
Deferred outflows of resources	1,822,526	1,822,770	56,253	56,607	1,878,779	1,879,377	-0.03%
Long-term liabilities	15,864,832	15,709,980	238,474	207,659	16,103,306	15,917,639	1.17%
Other liabilities	1,602,571	2,897,177	27,495	25,505	1,630,066	2,922,682	-44.23%
Total liabilities	<u>17,467,403</u>	<u>18,607,157</u>	<u>265,969</u>	<u>233,164</u>	<u>17,733,372</u>	<u>18,840,321</u>	<u>-5.88%</u>
Deferred inflows of resources	5,263,576	5,739,648	13,404	29,575	5,276,980	5,769,223	-8.53%
Net position:							
Net investment in capital asset	10,851,891	10,427,264	31,490	38,863	10,883,381	10,466,127	3.99%
Restricted	3,209,843	3,818,294	-	-	3,209,843	3,818,294	-15.94%
Unrestricted	(3,428,291)	(3,055,452)	(56,283)	(120,377)	(3,484,574)	(3,175,829)	-9.72%
Total net position	<u>\$ 10,633,443</u>	<u>11,190,106</u>	<u>(24,793)</u>	<u>(81,514)</u>	<u>10,608,650</u>	<u>11,108,592</u>	<u>-4.50%</u>

The District's total net position decreased 4.50%, or \$499,942, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$608,451, or 15.94%, from the prior year. The decrease in restricted net position was primarily a result of decrease in the amount restricted for school infrastructure compared to the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$308,745, or 9.72%. This decrease was due primarily to the decrease in the District's General Fund balance compared to the prior year.

Figure A-4 shows the changes in net position for the year ended June 30, 2021 compared to the year ended June 30, 2020.

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2021	2020	2021	2020	2021	2020	2020-21
Revenues:							
Program revenues:							
Charges for service	\$ 808,671	819,465	88,967	168,721	897,638	988,186	-9.16%
Operating grants, contributions and restricted interest	1,754,024	1,276,179	849,311	563,846	2,603,335	1,840,025	41.48%
General revenues:							
Property tax	4,699,399	5,170,185	-	-	4,699,399	5,170,185	-9.11%
Income surtax	412,819	412,717	-	-	412,819	412,717	0.02%
Statewide sales, services and use tax	1,056,460	1,089,755	-	-	1,056,460	1,089,755	-3.06%
Unrestricted state grants	6,881,507	6,570,537	-	-	6,881,507	6,570,537	4.73%
Unrestricted investment earnings	19,638	80,111	272	483	19,910	80,594	-75.30%
Other	165,098	56,526	6,005	9,634	171,103	66,160	158.62%
Total revenues	15,797,616	15,475,475	944,555	742,684	16,742,171	16,218,159	3.23%
Program expenses:							
Instruction	9,256,544	8,889,526	-	-	9,256,544	8,889,526	4.13%
Support services	5,804,492	4,993,193	1,189	300	5,805,681	4,993,493	16.26%
Non-instructional programs	-	-	810,084	709,375	810,084	709,375	14.20%
Other expenses	1,369,804	1,017,482	-	-	1,369,804	1,017,482	34.63%
Total expenses	16,430,840	14,900,201	811,273	709,675	17,242,113	15,609,876	10.46%
Excess (Deficiency) of revenues over (under) expenses	(633,224)	575,274	133,282	33,009	(499,942)	608,283	-182.19%
Transfers	76,561	43,952	(76,561)	(43,952)	-	-	0.00%
Change in net position	(556,663)	619,226	56,721	(10,943)	(499,942)	608,283	-182.19%
Net position beginning of year	11,190,106	10,570,880	(81,514)	(70,571)	11,108,592	10,500,309	5.79%
Net position end of year	\$ 10,633,443	11,190,106	(24,793)	(81,514)	10,608,650	11,108,592	-4.50%

In fiscal year 2021, property tax and unrestricted state grants accounted for 73.31% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 99.34% of the business type activities revenues.

The District's total revenues were approximately \$16.74 million, of which approximately \$15.80 million was for governmental activities and approximately \$0.94 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.23% increase in revenues and a 10.46% increase in expenses. The increase in total revenues is mainly due to increased revenues from operating grants, contributions and restricted interest compared to the prior year. The increase in total expenses occurred primarily in the support services function.

Governmental Activities

Governmental activities revenues were \$15,797,616 and expenditures were \$16,430,840 for the year ended June 30, 2021.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, and other expenses, for the year ended June 30, 2021 compared to those expenses for the year ended June 30, 2020.

	Figure A-5					
	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2021	2020	Change 2020-21	2021	2020	Change 2020-21
Instruction	\$ 9,256,544	8,889,526	4.13%	7,650,231	7,341,011	4.21%
Support services	5,804,492	4,993,193	16.25%	5,332,442	4,915,301	8.49%
Other expenses	1,369,804	1,017,482	34.63%	885,472	548,245	61.51%
Total	<u>\$ 16,430,840</u>	<u>14,900,201</u>	<u>10.27%</u>	<u>13,868,145</u>	<u>12,804,557</u>	<u>8.31%</u>

For the year ended June 30, 2021:

- The cost financed by users of the District's programs was \$808,671.
- Federal and state governments along with local sources subsidized certain programs and projects with grants and contributions totaling \$1,754,024.
- The net cost of governmental activities was financed with \$4,699,399 in property tax, \$412,819 in income surtax, \$1,056,460 in statewide sales, services and use tax, \$6,881,507 in unrestricted state grants, \$19,638 in interest income and \$165,098 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$944,555 and expenses were \$887,834 for the year ended June 30, 2021. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

As previously noted, Shenandoah Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$5,949,459, below last year's ending combined fund balances of \$8,609,901. The decrease is primarily a result of an decrease in the Capital Projects Fund balance compared to the prior year.

Governmental Fund Highlights

- The General Fund balance decreased from \$2,854,898 at June 30, 2020 to \$2,553,383 at June 30, 2021. Total revenues increased due to an increase in federal revenues. Total expenditures decreased mainly due to a decrease in transportation costs incurred.
- The Capital Projects Fund balance decreased from \$4,387,004 at June 30, 2020 to \$1,994,226 at June 30, 2021. The decrease was due primarily to the completion of the high school renovation project.

- The Management Levy Fund balance increased from \$1,169,479 at June 30, 2020 to \$1,289,829 at June 30, 2021. Revenues decreased 35.71% mostly due to a decrease in local tax revenues. Expenditures increased 5.06% due in part to increased early retirement costs.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from a deficit \$81,514 at June 30, 2020 to a deficit \$24,793 at June 30, 2021, representing an increase of 69.58%. Revenues increased from the prior year by 27.18% while expenditures increased by 14.32% leading to an overall increase in fund balance.

BUDGETARY HIGHLIGHTS

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

The District's revenues were \$886,185 more than budgeted revenues, a variance of 5.59%. The most significant variance resulted from the District receiving more from federal sources than originally anticipated.

Total expenditures were less than budgeted, primarily due to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had invested \$18,770,381, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 10.02% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$900,806.

The original cost of the District's capital assets was approximately \$35.47 million. Governmental activities accounted for approximately \$35.18 million with the remainder of approximately \$0.29 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$0 at June 30, 2021, compared to \$3,668,796 reported at June 30, 2020. This significant decrease resulted from the completion of high school renovation project.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2021	2020	2021	2020	2021	2020	2020-21
Land	\$ 175,000	175,000	-	-	175,000	175,000	0.00%
Construction in progress	-	3,668,796	-	-	-	3,668,796	-100.00%
Buildings	17,337,078	11,897,605	-	-	17,337,078	11,897,605	45.72%
Land improvements	498,370	535,649	-	-	498,370	535,649	-6.96%
Machinery and equipment	728,443	744,826	31,490	38,863	759,933	783,689	-3.03%
Total	\$ 18,738,891	17,021,876	31,490	38,863	18,770,381	17,060,739	10.02%

Long-Term Debt

At June 30, 2021, the District had \$7,887,000 in long-term debt outstanding. This represents a decrease of 8.58% from last year. (See figure A-7) Additional information about the Districts long-term debt is presented in Note 6 to the financial statements.

The District had outstanding revenue bonded indebtedness of \$7,887,000 at June 30, 2021, payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District.

	Figure A-7		
	Outstanding Long-Term Obligations		
	Total	Total	Total
	District	Change	Change
	June 30,	June 30,	June 30,
	2021	2020	2020-21
Revenue bonds	\$ 7,887,000	8,627,000	-8.58%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The district has experienced a decline in enrollment due to the COVID-19 pandemic. This will affect the funding received from the State for General Fund, SAVE, the Nutrition Program.
- Due to the decrease in enrollment during FY21 because of the COVID-19 pandemic, the district projects to be on budget guarantee during the FY22 year which is funded by local property tax.
- Page County is currently conducting property value assessments which are projected to be completed in FY22. This is projected to give the District an increase in property valuations.
- Eaton's manufacturing closed in Shenandoah. This is a loss of jobs and families to the community. However, the district was informed that Pella will be expanding its workforce by over 100 jobs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact William Barrett, School Business Official, Shenandoah Community School District, 304 W. Nishna Road, Shenandoah, Iowa, 51601.



SHENANDOAH COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

SHENANDOAH COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 6,752,519	178,341	6,930,860
Receivables:			
Property tax:			
Delinquent	52,206	-	52,206
Succeeding year	4,833,143	-	4,833,143
Income surtax	417,832	-	417,832
Accounts	35,954	-	35,954
Internal balances	76,561	(76,561)	-
Due from other governments	634,790	47,165	681,955
Inventories	-	17,892	17,892
Capital assets not being depreciated:			
Land	175,000	-	175,000
Capital assets, net of accumulated depreciation:			
Buildings and land improvements and machinery and equipment	18,563,891	31,490	18,595,381
Total assets	31,541,896	198,327	31,740,223
Deferred Outflows of Resources			
Pension related deferred outflows	1,644,673	50,336	1,695,009
OPEB related deferred outflows	177,853	5,917	183,770
Total deferred outflows of resources	1,822,526	56,253	1,878,779
Liabilities			
Accounts payable	365,486	1,206	366,692
Salaries and benefits payable	1,237,085	10,346	1,247,431
Advances from grantors	-	2,889	2,889
Unearned revenue	-	13,054	13,054
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	756,000	-	756,000
Termination benefits payable	130,704	-	130,704
Compensated absences	188,391	4,526	192,917
Portion due after one year:			
Revenue bonds	7,131,000	-	7,131,000
Termination benefits payable	192,624	-	192,624
Net pension liability	6,785,990	211,319	6,997,309
Total OPEB liability	680,123	22,629	702,752
Total liabilities	17,467,403	265,969	17,733,372
Deferred Inflows of Resources			
Unavailable property tax revenue	4,833,143	-	4,833,143
Pension related deferred inflows	430,433	13,404	443,837
Total deferred inflows of resources	5,263,576	13,404	5,276,980
Net Position			
Net investment in capital assets	10,851,891	31,490	10,883,381
Restricted for:			
Categorical funding	137,095	-	137,095
Debt service	2,417	-	2,417
Management levy purposes	966,501	-	966,501
Student activities	109,604	-	109,604
School infrastructure	1,322,197	-	1,322,197
Physical plant and equipment	672,029	-	672,029
Unrestricted	(3,428,291)	(56,283)	(3,484,574)
Total net position	\$ 10,633,443	(24,793)	10,608,650

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 5,231,304	452,689	203,605	(4,575,010)	-	(4,575,010)
Special	1,914,643	163,503	82,895	(1,668,245)	-	(1,668,245)
Other	2,110,597	165,675	537,946	(1,406,976)	-	(1,406,976)
	<u>9,256,544</u>	<u>781,867</u>	<u>824,446</u>	<u>(7,650,231)</u>	<u>-</u>	<u>(7,650,231)</u>
Support services:						
Student	563,891	-	-	(563,891)	-	(563,891)
Instructional staff	1,201,671	-	194,097	(1,007,574)	-	(1,007,574)
Administration	1,529,926	26,724	-	(1,503,202)	-	(1,503,202)
Operation and maintenance of plant	1,871,954	-	233,921	(1,638,033)	-	(1,638,033)
Transportation	637,050	80	17,228	(619,742)	-	(619,742)
	<u>5,804,492</u>	<u>26,804</u>	<u>445,246</u>	<u>(5,332,442)</u>	<u>-</u>	<u>(5,332,442)</u>
Long-term debt interest	187,901	-	-	(187,901)	-	(187,901)
Other expenditures:						
AEA flowthrough	484,332	-	484,332	-	-	-
Depreciation (unallocated)*	697,571	-	-	(697,571)	-	(697,571)
	<u>1,181,903</u>	<u>-</u>	<u>484,332</u>	<u>(697,571)</u>	<u>-</u>	<u>(697,571)</u>
Total governmental activities	<u>16,430,840</u>	<u>808,671</u>	<u>1,754,024</u>	<u>(13,868,145)</u>	<u>-</u>	<u>(13,868,145)</u>
Support services:						
Administration	15	-	-	-	(15)	(15)
Operation and maintenance of plant	1,174	-	-	-	(1,174)	(1,174)
	<u>1,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,189)</u>	<u>(1,189)</u>
Non-instructional programs:						
Food service operations	810,084	88,967	849,311	-	128,194	128,194
Total business type activities	<u>811,273</u>	<u>88,967</u>	<u>849,311</u>	<u>-</u>	<u>127,005</u>	<u>127,005</u>
Total	<u>\$ 17,242,113</u>	<u>897,638</u>	<u>2,603,335</u>	<u>(13,868,145)</u>	<u>127,005</u>	<u>(13,741,140)</u>
General Revenues and Transfers:						
Property tax levied for:						
General purposes				\$ 4,286,835	-	4,286,835
Capital outlay				412,564	-	412,564
Income surtax				412,819	-	412,819
Statewide sales, services and use tax				1,056,460	-	1,056,460
Unrestricted state grants				6,881,507	-	6,881,507
Unrestricted investment earnings				19,638	272	19,910
Other				165,098	6,005	171,103
Transfers				76,561	(76,561)	-
Total general revenues and transfers				<u>13,311,482</u>	<u>(70,284)</u>	<u>13,241,198</u>
Change in net position				(556,663)	56,721	(499,942)
Net position beginning of year				11,190,106	(81,514)	11,108,592
Net position end of year				<u>\$ 10,633,443</u>	<u>(24,793)</u>	<u>10,608,650</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Capital Projects	Management Levy	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 3,453,662	1,912,470	1,283,865	102,522	6,752,519
Receivables:					
Property tax:					
Delinquent	41,098	4,526	6,582	-	52,206
Succeeding year	3,872,514	435,629	525,000	-	4,833,143
Income surtax	208,916	208,916	-	-	417,832
Accounts	27,407	-	-	8,547	35,954
Due from other funds	76,561	-	-	-	76,561
Due from other governments	544,433	88,457	-	1,900	634,790
Total assets	\$ 8,224,591	2,649,998	1,815,447	112,969	12,803,005
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 352,693	11,227	618	948	365,486
Salaries and benefits payable	1,237,085	-	-	-	1,237,085
Total liabilities	1,589,778	11,227	618	948	1,602,571
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,872,514	435,629	525,000	-	4,833,143
Income surtax	208,916	208,916	-	-	417,832
Total deferred inflows of resources	4,081,430	644,545	525,000	-	5,250,975
Fund balances:					
Restricted for:					
Categorical funding	137,095	-	-	-	137,095
Debt service	-	-	-	2,417	2,417
Management levy purposes	-	-	1,289,829	-	1,289,829
Student activities	-	-	-	109,604	109,604
School infrastructure	-	1,322,197	-	-	1,322,197
Physical plant and equipment	-	672,029	-	-	672,029
Assigned	129,977	-	-	-	129,977
Unassigned	2,286,311	-	-	-	2,286,311
Total fund balances	2,553,383	1,994,226	1,289,829	112,021	5,949,459
Total liabilities, deferred inflows of resources and fund balances	\$ 8,224,591	2,649,998	1,815,447	112,969	12,803,005

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2021

Total fund balances of governmental funds (page 20)	\$	5,949,459
 <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.		18,738,891
Accounts receivable income surtax is not available to finance expenditures of the current year and, therefore, is recognized as deferred inflows of resources in the governmental funds.		417,832
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 1,822,526	
Deferred inflows of resources	<u>(430,433)</u>	1,392,093
Long-term liabilities, including bonds payable, termination benefits, compensated absences payable, net pension liability, and total OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(15,864,832)</u>
Net position of governmental activities (page 18)	\$	<u>10,633,443</u>

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General	Capital Projects	Management Levy	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 3,901,851	617,606	590,025	-	5,109,482
Tuition	560,525	-	-	-	560,525
Other	329,166	7,312	2,942	202,186	541,606
State sources	7,572,564	1,074,196	25,574	-	8,672,334
Federal sources	910,933	-	-	-	910,933
Total revenues	<u>13,275,039</u>	<u>1,699,114</u>	<u>618,541</u>	<u>202,186</u>	<u>15,794,880</u>
Expenditures:					
Current:					
Instruction:					
Regular	4,941,885	-	223,818	-	5,165,703
Special	1,786,251	-	-	-	1,786,251
Other	1,890,576	-	-	193,961	2,084,537
	<u>8,618,712</u>	<u>-</u>	<u>223,818</u>	<u>193,961</u>	<u>9,036,491</u>
Support services:					
Student	526,055	-	8,000	-	534,055
Instructional staff	998,538	300,261	-	-	1,298,799
Administration	1,322,012	50,269	27,835	-	1,400,116
Operation and maintenance of plant	1,348,918	18,416	203,533	-	1,570,867
Transportation	416,480	134,459	35,005	-	585,944
	<u>4,612,003</u>	<u>503,405</u>	<u>274,373</u>	<u>-</u>	<u>5,389,781</u>
Capital outlay	<u>-</u>	<u>2,755,310</u>	<u>-</u>	<u>-</u>	<u>2,755,310</u>
Long-term debt:					
Principal	-	-	-	740,000	740,000
Interest and fiscal charges	-	-	-	187,901	187,901
	<u>-</u>	<u>-</u>	<u>-</u>	<u>927,901</u>	<u>927,901</u>
Other expenditures:					
AEA flowthrough	484,332	-	-	-	484,332
Total expenditures	<u>13,715,047</u>	<u>3,258,715</u>	<u>498,191</u>	<u>1,121,862</u>	<u>18,593,815</u>
Excess (Deficiency) of revenues over (under) expenditures	(440,008)	(1,559,601)	120,350	(919,676)	(2,798,935)
Other financing sources (uses):					
Insurance proceeds	33,321	-	-	-	33,321
Proceeds from the sale of real property	28,611	-	-	-	28,611
Transfer in	76,561	-	-	833,177	909,738
Transfer out	-	(833,177)	-	-	(833,177)
Total other financing sources (uses)	<u>138,493</u>	<u>(833,177)</u>	<u>-</u>	<u>833,177</u>	<u>138,493</u>
Change in fund balances	(301,515)	(2,392,778)	120,350	(86,499)	(2,660,442)
Fund balances beginning of year	<u>2,854,898</u>	<u>4,387,004</u>	<u>1,169,479</u>	<u>198,520</u>	<u>8,609,901</u>
Fund balances end of year	<u>\$ 2,553,383</u>	<u>1,994,226</u>	<u>1,289,829</u>	<u>112,021</u>	<u>5,949,459</u>

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2021

Change in fund balances - total governmental funds (page 22) \$ (2,660,442)

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, depreciation expense, and loss on disposal in the current year are as follows:

Capital outlay	\$ 2,614,613	
Depreciation expense	(893,433)	
Loss on disposal	(4,165)	
	1,717,015	1,717,015

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 2,736

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in Statement of Net Position. 740,000

The current year District IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 752,783

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:

Termination benefits	(37,012)	
Compensated absences	7,335	
Pension expense	(1,060,450)	
Total OPEB liability and related expenses	(18,628)	(1,108,755)

Change in net position of governmental activities (page 19) \$ (556,663)

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

		Business Type Activities: Enterprise Funds
		School Nutrition
Assets		
Current assets:		
Cash and pooled investments	\$	178,341
Due from other governments		47,165
Inventories		17,892
Total current assets		243,398
Noncurrent assets:		
Capital assets, net of accumulated depreciation		31,490
Total assets		274,888
Deferred Outflows of Resources		
Pension related deferred outflows		50,336
OPEB related deferred outflows		5,917
Total deferred outflows of resources		56,253
Liabilities		
Current liabilities:		
Due to other funds		76,561
Accounts payable		1,206
Salaries and benefits payable		10,346
Advances from grantors		2,889
Unearned revenue		13,054
Total current liabilities		104,056
Noncurrent liabilities:		
Compensated absences		4,526
Net pension liability		211,319
Total OPEB liability		22,629
Total noncurrent liabilities		238,474
Total liabilities		342,530
Deferred Inflows of Resources		
Pension related deferred inflows		13,404
Net Position		
Net investment in capital assets		31,490
Unrestricted		(56,283)
Total net position	\$	(24,793)

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2021

	Business Type Activities: Enterprise Funds
	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 88,967
Miscellaneous	6,005
Total operating revenues	94,972
Operating expenses:	
Administration:	
Services	15
Operation and maintenance of plant:	
Services	1,174
Non-instructional programs:	
Food service operations:	
Salaries	247,093
Benefits	76,060
Supplies	479,558
Depreciation	7,373
Total non-instructional programs	810,084
Total operating expenses	811,273
Operating loss	(716,301)
Non-operating revenues:	
State sources	6,370
Federal sources	842,941
Interest income	272
Total non-operating revenues	849,583
Change in net position before other financing uses	133,282
Other financing uses:	
Transfer out	(76,561)
Change in net position	56,721
Net position beginning of year	(81,514)
Net position end of year	\$ (24,793)

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2021

	Business Type Activities: Enterprise Funds
	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 88,663
Cash received from miscellaneous	6,005
Cash payments to employees for services	(307,793)
Cash payments to suppliers for goods or services	(439,281)
Net cash used in operating activities	(652,406)
Cash flows from non-capital financing activities:	
Transfer to General Fund	(76,561)
Borrowings from General Fund	33,772
State grants received	5,039
Federal grants received	801,382
Net cash provided by non-capital financing activities	763,632
Cash flows from investing activities:	
Interest on investments	272
Net increase in cash and pooled investments	111,498
Cash and pooled investments beginning of year	66,843
Cash and pooled investments end of year	\$ 178,341
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (716,301)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	45,716
Depreciation	7,373
Change in assets and liabilities:	
Inventories	(3,323)
Accounts receivable	30
Accounts payable	(927)
Salaries and benefits payable	362
Net pension liability	30,736
Deferred outflows of resources	354
Deferred inflows of resources	(16,171)
Unearned revenue	(334)
Compensated absences	99
Total OPEB liability	(20)
Net cash used in operating activities	\$ (652,406)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2021, the District received \$45,716 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Private Purpose Trust	Custodial
	Scholarship	
Assets		
Cash and pooled investments	\$ 383,052	1,992
Liabilities	-	-
Net Position		
Held in trust for scholarships	\$ 383,052	-
Restricted for other organizations	-	1,992
Total net position	\$ 383,052	1,992

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021

	Private Purpose Trust	
	Scholarship	Custodial
Additions:		
Local sources:		
Gifts and contributions	\$ -	1,000
Interest income	414	-
Total additions	<u>414</u>	<u>1,000</u>
Deductions:		
Instruction:		
Regular:		
Scholarships awarded	4,350	-
Supplies	-	288
Total deductions	<u>4,350</u>	<u>288</u>
Change in net position	(3,936)	712
Net position beginning of year, as restated	<u>386,988</u>	<u>1,280</u>
Net position end of year	<u>\$ 383,052</u>	<u>1,992</u>

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(1) Summary of Significant Accounting Policies

Shenandoah Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the city of Shenandoah, Iowa, and the predominate agricultural territory in Page, Fremont, Mills and Montgomery 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, Shenandoah Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Page, Fremont, Mills and Montgomery County Assessors' Conference Boards.

B. Basis of Presentation

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

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

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

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position 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.

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

The District reports the following major proprietary fund:

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

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

Capital Assets - Capital assets, which include property, machinery and equipment and intangibles acquired after July 1, 1980 are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost 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 repairs 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.

Asset Class	Amount
Land	\$ 3,000
Buildings	3,000
Land improvements	3,000
Intangibles	150,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	3,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5 to 12 years

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

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July and August, 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.

Unearned Revenue - Unearned revenues in the Statement of Net Position are moneys collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided.

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

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 that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund while the portion attributable to the business type activities will be paid by the School Nutrition Fund.

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

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund while the portion attributable to the business type activities will be paid by the 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 on the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unrecognized items not yet charged to pension expense.

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

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

Assigned - Amounts not available for appropriation, but rather set aside for specific purposes in the District's General Fund. The District's Board of Directors authorizes the Superintendent or Board Secretary to assign General Fund balance amounts pursuant to Board policy.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The District 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. The District had no such investments at June 30, 2021.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2021 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	School Nutrition	<u>\$ 76,561</u>

The School Nutrition Fund is repaying the General Fund for reimbursed indirect costs not repaid before fiscal year end.

(4) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 833,177
General Fund	Enterprise Fund: School Nutrition	<u>76,561</u>
Total		<u>\$ 909,738</u>

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

The transfer from the School Nutrition Fund to the General Fund was a reimbursement for indirect costs incurred during the year.

(5) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 175,000	-	-	175,000
Construction in progress	3,668,796	2,350,045	6,018,841	-
Total capital assets not being depreciated	<u>3,843,796</u>	<u>2,350,045</u>	<u>6,018,841</u>	<u>175,000</u>
Capital assets being depreciated:				
Buildings	24,950,177	6,099,765	-	31,049,942
Land improvements	1,378,843	-	-	1,378,843
Machinery and equipment	2,412,676	183,644	18,385	2,577,935
Total capital assets being depreciated	<u>28,741,696</u>	<u>6,283,409</u>	<u>18,385</u>	<u>35,006,720</u>
Less accumulated depreciation for:				
Buildings	13,052,572	660,292	-	13,712,864
Land improvements	843,194	37,279	-	880,473
Machinery and equipment	1,667,850	195,862	14,220	1,849,492
Total accumulated depreciation	<u>15,563,616</u>	<u>893,433</u>	<u>14,220</u>	<u>16,442,829</u>
Total capital assets being depreciated, net	<u>13,178,080</u>	<u>5,389,976</u>	<u>4,165</u>	<u>18,563,891</u>
Governmental activities capital assets, net	<u>\$ 17,021,876</u>	<u>7,740,021</u>	<u>6,023,006</u>	<u>18,738,891</u>
Business type activities:				
Machinery and equipment	\$ 287,970	-	-	287,970
Less accumulated depreciation	249,107	7,373	-	256,480
Business type activities capital assets, net	<u>\$ 38,863</u>	<u>(7,373)</u>	<u>-</u>	<u>31,490</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 12,194
Other	7,521
Support services:	
Instructional staff	11,512
Operation and maintenance of plant	10,576
Transportation	154,059
	<u>195,862</u>
Unallocated depreciation	<u>697,571</u>
Total governmental activities depreciation expense	<u>\$ 893,433</u>
Business type activities:	
Food service operations	<u>\$ 7,373</u>

(6) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 8,627,000	-	740,000	7,887,000	756,000
Termination benefits	286,316	187,124	150,112	323,328	130,704
Compensated absences	195,726	188,391	195,726	188,391	188,391
Net pension liability	5,920,205	865,785	-	6,785,990	-
Total OPEB liability	680,733	-	610	680,123	-
Total	<u>\$15,709,980</u>	<u>1,241,300</u>	<u>1,086,448</u>	<u>15,864,832</u>	<u>1,075,095</u>
Business type activities:					
Compensated absences	\$ 4,427	4,526	4,427	4,526	4,526
Net pension liability	180,583	30,736	-	211,319	-
Total OPEB liability	22,649	-	20	22,629	-
Total	<u>\$ 207,659</u>	<u>35,262</u>	<u>4,447</u>	<u>238,474</u>	<u>4,526</u>

Revenue Bonds

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

Year Ending June 30,	Refunding bonds issued June 13, 2016			Bonds issued November 25, 2019			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2022	2.22 %	\$ 350,000	67,488	2.13 %	\$ 406,000	103,241	756,000	170,729	926,729
2023	2.22	360,000	59,718	2.13	413,000	94,593	773,000	154,311	927,311
2024	2.22	365,000	51,726	2.13	425,000	85,796	790,000	137,522	927,522
2025	2.22	375,000	43,623	2.13	432,000	76,744	807,000	120,367	927,367
2026	2.22	385,000	35,298	2.13	439,000	67,542	824,000	102,840	926,840
2027-2031	2.22	1,205,000	53,835	2.13	2,732,000	179,496	3,937,000	233,331	4,170,331
Total		<u>\$ 3,040,000</u>	<u>311,688</u>		<u>\$ 4,847,000</u>	<u>607,412</u>	<u>7,887,000</u>	<u>919,100</u>	<u>8,806,100</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,680,000 of bonds issued in June 2016 and \$5,679,000 of bonds issued in November 2019. The Series 2016 bonds were issued for the purpose of refinancing Series 2010 revenue bonds. The Series 2019 bonds were issued for the purpose of financing a portion of the District's high school renovation 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 2031. 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 approximately 88% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$8,806,100. For the current year, \$740,000 of principal and \$186,802 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$1,056,460.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds requires the District to make monthly transfers from the Capital Projects: Statewide Sales, Services and Use Tax Fund depositing money into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.

Termination Benefits

In February 2020 and 2021, the District approved a voluntary early retirement plan for employees. The plan was only offered to employees for one year. Eligible employees must have reached the age of fifty-five and completed at least ten years of full-time service to the District. The application

for early retirement was subject to approval by the Board of Education. Early retirement benefits equal \$16,000 for licensed staff and \$10,000 for support staff. The benefits will be paid in two equal annual installments following retirement and placed in an employer sponsored 403(b) Special Pay Plan. Additionally, the District will pay health insurance premiums for a single policy up to four years for continued coverage in the District's health plan.

At June 30, 2021, the District has obligations to ten participants with a total liability of \$323,328. Actual early retirement expenditures for the year ended June 30, 2021 totaled \$150,112.

(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 the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

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

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

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

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate

be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

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

The District’s contributions to IPERS for the year ended June 30, 2021 totaled \$775,346.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the District reported a liability of \$6,997,309 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the District’s proportion was 0.099610%, which was a decrease of 0.005746% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$1,097,292. At June 30, 2021, 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	\$ 7,730	165,854
Changes of assumptions	359,170	-
Net difference between projected and actual earnings on IPERS’ investments	393,360	-
Changes in proportion and differences between District contributions and the District’s proportionate share of contributions	159,403	277,983
District contributions subsequent to the measurement date	775,346	-
Total	\$ 1,695,009	443,837

\$775,346 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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
2022	\$ 120,493
2023	131,909
2024	80,425
2025	168,649
2026	(25,650)
Total	<u>\$ 475,826</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
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	100.0%	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$11,667,422	6,997,309	3,081,490

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.

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

Retired participants must be age 55 or older at retirement. At July 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	14
Active employees	<u>195</u>
Total	<u><u>209</u></u>

Total OPEB Liability - The District's total OPEB liability of \$702,752 was measured as of June 30, 2021 and was determined by an actuarial valuation dated July 1, 2019 utilizing roll-forward procedures.

Actuarial Assumptions - The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	3.00% per annum.
Rates of salary increase	3.00% per annum, including inflation.
Discount rate	3.50% compounded annually, including inflation.
Healthcare cost trend rate	5.50% for FY2020, decreasing to an ultimate rate of 4.50%.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.50% 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 valuation date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP-2019 generational projection of future mortality improvement. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirroring those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 703,382
Changes for the year:	
Service cost	48,149
Interest	25,012
Benefit payments	<u>(73,791)</u>
Net changes	<u>(630)</u>
Total OPEB liability end of year	<u>\$ 702,752</u>

Changes of assumptions reflect a change in the discount rate from 3.58% as of July 1, 2017, used for the reporting date of June 30, 2019, to 3.50% as of July 1, 2019 used for the reporting date of June 30, 2021.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate 1% lower (2.50%) or 1% higher (4.50%) than the current discount rate.

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB liability	\$ 751,074	702,752	658,182

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates 1% lower (4.50%) or 1% higher (6.50%) than the current healthcare cost trend rates.

	<u>1% Decrease (4.50%)</u>	<u>Healthcare Cost Trend Rate (5.50%)</u>	<u>1% Increase (6.50%)</u>
Total OPEB liability	\$ 646,271	702,752	768,713

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2021, the District recognized OPEB expense of \$93,039. At June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 131,646
Changes in assumptions	<u>52,124</u>
Total	<u>\$ 183,770</u>

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

Year Ended June 30,	Amount
2022	\$ 19,878
2023	19,878
2024	19,878
2025	19,878
2026	19,878
Thereafter	84,380
Total	<u>\$ 183,770</u>

(9) Risk Management

Shenandoah 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 \$484,332 for the year ended June 30, 2021 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Categorical Funding

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

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

Program	Amount
Home School Assistance Program (HSAP)	\$ 3,995
At-Risk Programs	19,089
Gifted and Talented Programs	64,146
Returning Dropouts and Dropout Prevention	25,685
Teacher Salary Supplement	639
Career and Technical Education Aid	38
Professional Development	23,503
Total	<u>\$ 137,095</u>

(12) Reconciliation of Governmental Fund Balances to Net Position

Detailed reconciliation of certain governmental fund balances to net position is as follows:

	Net investment in Capital Assets	Management Lew	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	1,289,829	2,286,311
Capital assets, net of accumulated depreciation	18,738,891	-	-
Revenue bond capitalized indebtedness	(7,887,000)	-	-
Income surtax	-	-	417,832
Termination benefits	-	(323,328)	-
Compensated absences	-	-	(188,391)
Pension related deferred outflows	-	-	1,644,673
Pension related deferred inflows	-	-	(430,433)
Net pension liability	-	-	(6,785,990)
Total OPEB liability	-	-	(680,123)
OPEB related deferred outflows	-	-	177,853
Assigned fund balance	-	-	129,977
Net position (Exhibit A)	<u>\$ 10,851,891</u>	<u>966,501</u>	<u>(3,428,291)</u>

(13) Tax Abatements

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

Tax Abatements of Other Entities

During the year 2021, the District was not impacted by any tax abatements which meet the disclosure requirements of Governmental Accounting Standards Board Statement No. 77.

(14) COVID-19

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

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

(15) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement will require reporting of certain potentially significant lease liabilities that are not currently reported.

(16) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity. Beginning net position for fiduciary funds was restated to retroactively report the change in net position, as follows:

	<u>Fiduciary Activities</u>
Net position June 30, 2020, as previously reported	\$ -
Change to implement GASBS No. 84	<u>1,280</u>
Net position July 1, 2020, as restated	<u>\$ 1,280</u>

REQUIRED SUPPLEMENTARY INFORMATION

SHENANDOAH COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2021

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds	Funds		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 6,211,613	95,244	6,306,857	6,418,466	6,418,466	(111,609)
State sources	8,672,334	6,370	8,678,704	8,589,784	8,589,784	88,920
Federal sources	910,933	842,941	1,753,874	845,000	845,000	908,874
Total revenues	<u>15,794,880</u>	<u>944,555</u>	<u>16,739,435</u>	<u>15,853,250</u>	<u>15,853,250</u>	<u>886,185</u>
Expenditures/Expenses:						
Instruction	9,036,491	-	9,036,491	9,246,000	9,500,000	463,509
Support services	5,389,781	1,189	5,390,970	5,378,000	5,700,000	309,030
Non-instructional programs	-	810,084	810,084	750,000	825,000	14,916
Other expenditures	4,167,543	-	4,167,543	5,352,336	5,352,336	1,184,793
Total expenditures/expenses	<u>18,593,815</u>	<u>811,273</u>	<u>19,405,088</u>	<u>20,726,336</u>	<u>21,377,336</u>	<u>1,972,248</u>
Excess (Deficiency) of revenues over (under) expenditures/expenses	(2,798,935)	133,282	(2,665,653)	(4,873,086)	(5,524,086)	2,858,433
Other financing sources, net	138,493	(76,561)	61,932	-	-	61,932
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	(2,660,442)	56,721	(2,603,721)	(4,873,086)	(5,524,086)	2,920,365
Balances beginning of year	<u>8,609,901</u>	<u>(81,514)</u>	<u>8,528,387</u>	<u>7,143,930</u>	<u>7,143,930</u>	<u>1,384,457</u>
Balances end of year	<u>\$ 5,949,459</u>	<u>(24,793)</u>	<u>5,924,666</u>	<u>2,270,844</u>	<u>1,619,844</u>	<u>4,304,822</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2021

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$651,000.

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

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.099610%	0.105356%	0.106391%	0.101173%	0.097226%	0.097086%	0.102328%
District's proportionate share of the net pension liability	\$ 6,997,309	6,100,788	6,732,685	6,739,366	6,118,714	4,796,520	4,058,224
District's covered payroll	\$ 7,905,207	8,015,445	7,547,380	7,547,376	6,978,625	6,651,274	6,695,890
District's proportionate share of the net pension liability as a percentage of its covered payroll	88.52%	76.11%	89.21%	89.29%	87.68%	72.11%	60.61%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution \$	775,346	746,252	756,658	714,068	673,981	623,191	593,959	597,943	554,671	517,100
Contributions in relation to the statutorily required contribution	(775,346)	(746,252)	(756,658)	(714,068)	(673,981)	(623,191)	(593,959)	(597,943)	(554,671)	(517,100)
Contribution deficiency (excess) \$	-	-	-	-	-	-	-	-	-	-
District's covered payroll \$	8,213,411	7,905,207	8,015,445	7,996,282	7,547,380	6,978,623	6,651,277	6,695,890	6,397,589	6,407,683
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2021

Changes in benefit terms:

There are no significant changes in benefit terms.

Changes in assumptions:

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

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

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

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

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

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

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

	2021	2020	2019	2018
Service cost	\$ 48,149	46,634	48,803	47,267
Interest cost	25,012	24,981	22,953	21,270
Differences between expected and actual experiences	-	49,490	-	130,574
Changes in assumptions	-	2,721	-	72,465
Benefit payments	(73,791)	(70,675)	(27,732)	(18,422)
Net change in total OPEB liability	(630)	53,151	44,024	253,154
Total OPEB liability beginning of year	703,382	650,231	606,207	353,053
Total OPEB liability end of year	\$ 702,752	703,382	650,231	606,207
Covered-employee payroll	\$ 7,616,141	7,376,408	7,940,080	7,690,150
Total OPEB liability as a percentage of covered-employee payroll	9.23%	9.54%	8.19%	7.88%

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, 2021	3.50%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	2.50%



SHENANDOAH COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SHENANDOAH COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Special Revenue		
	Student Activity	Debt Service	Total Nonmajor
Assets			
Cash and pooled investments	\$ 100,105	2,417	102,522
Receivables:			
Property tax:			
Accounts	8,547	-	8,547
Due from other governments	1,900	-	1,900
Total assets	\$ 110,552	2,417	112,969
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 948	-	948
Fund balances:			
Restricted for:			
Debt service	-	2,417	2,417
Student activities	109,604	-	109,604
Total fund balances	109,604	2,417	112,021
Total liabilities, deferred inflows of resources and fund balances	\$ 110,552	2,417	112,969

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021

	Special Revenue		
	Student Activity	Debt Service	Total Nonmajor
Revenues:			
Local sources:			
Other	\$ 201,235	951	202,186
Expenditures:			
Current:			
Instruction:			
Other	193,961	-	193,961
Long-term debt:			
Principal	-	740,000	740,000
Interest and fiscal charges	-	187,901	187,901
Total expenditures	193,961	927,901	1,121,862
Excess (Deficiency) of revenues over (under) expenditures	7,274	(926,950)	(919,676)
Other financing sources:			
Transfer in	-	833,177	833,177
Change in fund balances	7,274	(93,773)	(86,499)
Fund balances beginning of year	102,330	96,190	198,520
Fund balances end of year	\$ 109,604	2,417	112,021

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUND ACCOUNTS
 JUNE 30, 2021

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Lewy	Total
Assets			
Cash and pooled investments	\$ 1,235,385	677,085	1,912,470
Receivables:			
Property tax:			
Delinquent	-	4,526	4,526
Succeeding year	-	435,629	435,629
Income surtax	-	208,916	208,916
Due from other governments	88,457	-	88,457
Total assets	\$ 1,323,842	1,326,156	2,649,998
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,645	9,582	11,227
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	435,629	435,629
Income surtax	-	208,916	208,916
Total deferred inflows of resources	-	644,545	644,545
Fund balances:			
Restricted for:			
School infrastructure	1,322,197	-	1,322,197
Physical plant and equipment	-	672,029	672,029
Total fund balances	1,322,197	672,029	1,994,226
Total liabilities, deferred inflows of resources and fund balances	\$ 1,323,842	1,326,156	2,649,998

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUND ACCOUNTS
 YEAR ENDED JUNE 30, 2021

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	617,606	617,606
Other	5,526	1,786	7,312
State sources	1,056,460	17,736	1,074,196
Total revenues	<u>1,061,986</u>	<u>637,128</u>	<u>1,699,114</u>
Expenditures:			
Current:			
Support services:			
Instructional staff	-	300,261	300,261
Administration	2,550	47,719	50,269
Operation and maintenance of plant	7,799	10,617	18,416
Transportation	-	134,459	134,459
Capital outlay	2,626,022	129,288	2,755,310
Total expenditures	<u>2,636,371</u>	<u>622,344</u>	<u>3,258,715</u>
Excess (Deficiency) of revenues over (under) expenses	(1,574,385)	14,784	(1,559,601)
Other financing uses:			
Transfer out	(833,177)	-	(833,177)
Change in fund balances	(2,407,562)	14,784	(2,392,778)
Fund balances beginning of year	<u>3,729,759</u>	<u>657,245</u>	<u>4,387,004</u>
Fund balances end of year	<u>\$ 1,322,197</u>	<u>672,029</u>	<u>1,994,226</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2021

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfer	Balance End of Year
Drama	\$ 11,806	12,199	9,218	-	14,787
HS General Athletics	5,260	101,171	100,036	1,246	7,641
MS General Athletics	-	4,246	3,000	(1,246)	-
Football	421	625	12	-	1,034
Boys Track	-	245	-	-	245
BPA	3,297	5,696	4,709	-	4,284
Annual	12,982	3,640	4,940	-	11,682
Math Club	2,241	-	348	-	1,893
Class of 2020	337	-	337	-	-
Class of 2021	1,532	228	1,363	-	397
Class of 2022	552	685	967	-	270
Class of 2023	725	669	61	-	1,333
Class of 2024	-	599	18	-	581
Cheerleaders	2,376	664	289	-	2,751
Concessions	5,971	21,591	25,453	-	2,109
FFA	7,781	16,614	17,175	-	7,220
FCCLA	3,427	2,835	2,169	-	4,093
GSA	-	50	-	-	50
Marching Mustangs	1,747	1,197	813	-	2,131
National Art Honor Society	1,644	352	352	-	1,644
National Honor Society	2,231	753	571	-	2,413
Shen Girls Golf	45	-	26	-	19
Shen Boys Bowling	5,877	2,936	3,076	-	5,737
Shen Boys Basketball	270	-	-	-	270
Shen Girls Basketball	826	1,064	820	-	1,070
Shen Boys Golf	114	-	-	-	114
Shen Boys Cross Country	219	-	-	-	219
Shen Boys Tennis	93	-	93	-	-
Shen Boys Track	216	1,500	1,067	-	649
Shen Football	685	4,406	315	-	4,776
Shen Girls Tennis	342	-	120	-	222
Shen Girls Cross Country	160	280	225	-	215
Shen Singers	1,218	265	-	-	1,483
Shen Softball	1,015	354	-	-	1,369
Shen Volleyball	193	149	-	-	342
Shen Wrestlers	469	-	190	-	279
SHS Speech Club	1,264	1,678	2,838	-	104
HS Dance	101	-	-	-	101
Student Council	1,222	1,513	1,691	-	1,044
MS Annual	1,771	238	647	-	1,362
MS Cheer	256	175	255	-	176
MS FCCLA	1,187	-	-	-	1,187
MS Marching Mustangs	7,529	2,571	5,661	-	4,439
MS Swing Choir	301	-	-	-	301
MS Student Council	8,235	8,166	3,225	-	13,176
Lifeskills	1,528	-	-	-	1,528
May Mentoring Activity	814	1,881	1,881	-	814
Beecher NAHS	2,050	-	-	-	2,050
Total	\$ 102,330	201,235	193,961	-	109,604

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN PRIVATE PURPOSE TRUST FUND
 SCHOLARSHIP ACCOUNTS
 YEAR ENDED JUNE 30, 2021

Account	Net Position Beginning of Year	Additions	Deductions	Net Position End of Year
FCA Scholarship	\$ 232	-	232	-
Bateman Scholarship	9,146	10	500	8,656
Dreyer Scholarship	2,804	3	-	2,807
Pickard Scholarship	2,042	2	-	2,044
Wilson Scholarship	185,798	200	1,250	184,748
Keenan Scholarship	13,456	14	-	13,470
Roscoe Scholarship	1,228	1	75	1,154
Folden Scholarship	1,476	1	250	1,227
Ingrim Scholarship	147,963	158	1,000	147,121
Obrien Scholarship	811	1	400	412
Penwell Scholarship	18,176	19	500	17,695
Richards Scholarship	3	-	-	3
Limbacher Scholarship	1	-	-	1
Campbell Scholarship	2,180	2	125	2,057
Pitner Scholarship	1,575	2	-	1,577
Miscellaneous Scholarships	97	1	18	80
Total	<u>\$ 386,988</u>	<u>414</u>	<u>4,350</u>	<u>383,052</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Local sources:										
Local tax	\$ 5,109,482	5,795,082	5,541,222	5,547,193	5,601,166	4,787,405	4,771,335	4,755,599	5,375,009	4,928,448
Tuition	560,525	549,157	592,260	441,742	423,058	634,694	491,267	435,121	514,597	487,286
Other	541,606	516,058	600,098	610,645	593,628	508,693	474,023	429,317	446,933	405,877
Intermediate sources	-	-	7,000	-	-	-	-	-	-	4,866
State sources	8,672,334	8,423,315	8,527,789	8,072,771	8,212,368	6,958,366	6,810,398	6,655,677	5,633,244	6,142,911
Federal sources	910,933	404,043	466,725	424,249	465,410	395,748	409,319	355,613	465,132	890,925
Total	\$ 15,794,880	15,687,655	15,735,094	15,096,600	15,295,630	13,284,906	12,956,342	12,631,327	12,434,915	12,860,313
Expenditures:										
Instruction:										
Regular	\$ 5,165,703	5,017,910	5,202,591	5,244,094	5,067,684	5,016,678	4,582,118	4,475,551	4,544,076	4,461,168
Special	1,786,251	1,657,202	1,489,554	1,664,179	1,521,870	1,341,411	1,490,295	1,343,399	1,244,355	1,238,190
Other	2,084,537	1,901,242	2,076,400	2,061,302	1,748,692	1,634,849	1,485,458	1,461,967	1,473,969	1,438,654
Support services:										
Student	534,055	511,248	425,235	422,452	363,593	353,303	349,503	373,958	354,308	330,923
Instructional staff	1,298,799	922,622	989,557	1,091,860	1,029,451	589,467	630,338	534,229	856,873	551,006
Administration	1,400,116	1,372,871	1,266,067	1,221,696	1,247,469	1,305,979	1,124,263	1,060,295	1,022,541	1,051,097
Operation and maintenance of plant	1,570,867	1,228,727	1,247,184	1,104,172	1,003,107	965,057	954,861	925,370	876,727	884,488
Transportation	585,944	698,115	708,828	668,687	483,465	517,279	443,484	383,486	475,205	413,568
Non-instructional programs	-	-	25,408	36,560	-	2,309	27,070	-	-	-
Capital outlay	2,755,310	3,983,649	863,969	390,319	572,161	320,292	251,088	446,976	822,033	1,716,345
Long-term debt:										
Principal	740,000	772,000	965,000	945,000	920,000	1,361,925	843,323	4,343,324	608,324	560,000
Interest	187,901	155,662	102,460	121,814	76,791	141,827	252,061	361,021	361,697	542,163
Other expenditures:										
AEA flowthrough	484,332	469,237	470,419	467,767	462,930	404,838	399,820	392,820	381,094	385,074
Total	\$ 18,593,815	18,690,485	15,832,672	15,439,902	14,497,213	13,955,214	12,833,682	16,102,396	13,021,202	13,572,676

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

GRANTOR/PROGRAM	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	EXPENDITURES
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER:			
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 21	\$ 45,716 *
COVID-19 - NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 21	134,860
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 21	661,254
			<u>841,830</u>
TEAM NUTRITION GRANT	10.574	FY 21	<u>1,111</u>
U.S. DEPARTMENT OF TREASURY:			
POTTAWATTAMIE COUNTY AUDITOR:			
CORONAVIRUS RELIEF FUND	21.019	FY 21	<u>30,446</u>
U.S. DEPARTMENT OF TREASURY:			
IOWA WORKFORCE DEVELOPMENT:			
CORONAVIRUS RELIEF FUND	21.019	FY 21	<u>8,560</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 21	<u>255,737</u>
SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367	FY 21	<u>36,929</u>
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424	FY 21	<u>11,895</u>
EDUCATION STABILIZATION FUND:			
COVID-19 GOVERNOR'S EMERGENCY EDUCATION RELIEF (GEER) FUND	84.425C	FY 21	<u>44,413</u>
COVID-19 ELEMENTARY AND SECONDARY SCHOOL RELIEF (ESSER) FUNDS	84.425D	FY 20	<u>193,717</u>
COVID-19 ELEMENTARY AND SECONDARY SCHOOL RELIEF (ESSER) FUNDS	84.425D	FY 21	<u>223,392</u>
TOTAL EDUCATION STABILIZATION FUND			<u>461,522</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA WORKFORCE DEVELOPMENT:			
IMPACT AID	84.041	FY 21	<u>13,554</u>
U.S. DEPARTMENT OF EDUCATION:			
GREEN HILLS AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 21	<u>51,866</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 21	<u>10,858</u>
TOTAL			<u>\$ 1,724,308</u>

* - Includes \$45,716 of non-cash awards

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Shenandoah Community School District under programs of the federal government for the year ended June 30, 2021. 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 Shenandoah Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Shenandoah Community School District.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate - Shenandoah Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

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

To the Board of Education of Shenandoah Community School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Shenandoah Community School District, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise Shenandoah Community School District's basic financial statements, and have issued our report thereon dated June 22, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-21 that we consider to be a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2021 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.

Shenandoah Community School District's Responses to Findings

Shenandoah Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Shenandoah 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 Shenandoah Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

June 22, 2022
Newton, Iowa

NOLTE, CORNMAN & JOHNSON P.C.
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(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
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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 Shenandoah Community School District:

Report on Compliance for Each Major Federal Program

We have audited Shenandoah 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 programs for the year ended June 30, 2021. Shenandoah Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Shenandoah Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Shenandoah Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Shenandoah Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Shenandoah Community School District complied, in all material respects, with the types of 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, 2021.

Report on Internal Control Over Compliance

Management of Shenandoah Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Shenandoah Community School District's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Shenandoah Community School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-21 (2021-001) we consider to be a material weakness.

Shenandoah Community School District's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Shenandoah Community School District's response was not subjected to the audit 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.



NOLTE, CORNMAN & JOHNSON, P.C.

June 22, 2022
Newton, Iowa

SHENANDOAH COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

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 material weakness in internal control over financial reporting was 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 major programs 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) Major programs were as follows:
 - Child Nutrition Cluster
 - Education Stabilization Fund
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Shenandoah Community School District did not qualify as a low-risk auditee.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-21 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 - One individual has control over one or more of the following areas for the District:

- 1) Cash - handling and recording cash, posting and reconciling.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Capital assets - recording and reconciling.
- 4) Payroll - recordkeeping, preparation, posting, and distribution.
- 5) Financial reporting - preparing, reconciling and approving.
- 6) Journal entries - writing, approving and posting.

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 that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Planned - The district will review the current process for the areas of concern listed and discuss and, if feasible, implement procedures to enhance the internal control for each area.

Conclusion - Response accepted.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

AL Number 10.553: School Breakfast Program
AL Number 10.555: National School Lunch Program and
AL Number 10.559: Summer Food Service Program for Children
Pass-Through Entity Identifying Number: FY21
Federal Award Year: 2021
Prior Year Finding Number: III-A-20 (2020-001)
U.S. Department of Agriculture
Passed through the Iowa Department of Education

AL Number 84.425C: COVID-19 Governor's Emergency Education Relief (GEER) Fund
AL Number 84.425D: COVID-19 Elementary and Secondary School Relief (ESSER) Funds
Pass-Through Entity Identifying Number: N/A
Federal Award Year: 2020 and 2021
Prior Year Finding Number: N/A
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-21 Segregation of Duties
(2021-001) One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted one individual has control over portions of one or more of the following areas for the District relating to major federal programs; cash, investments, capital assets, payroll, financial reporting and journal entries. See finding II-A-21.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2021

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-21 Certified Budget - Expenditures for the year ended June 30, 2021 did not exceed the amended certified budgeted amounts.

IV-B-21 Questionable Disbursements - We noted during our audit instances of the District paying sales tax on purchases made with District credit cards. The District is a tax-exempt entity, therefore, expenditures for sales tax would not appear to meet public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review their purchasing and reimbursing procedures currently in place and make the necessary adjustments to comply with the Attorney General's opinion dated April 25, 1979.

Response - The district will review the recommendation and continue to partner with vendors to ensure proper notification of tax-exempt status is available and educate employees on the importance of following the guidelines as well.

Conclusion - Response accepted.

IV-C-21 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-21 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Andy Campbell, Teacher Freelance Construction	Services	\$3,190
Aaron Burdorf, Principal Wife owns JKay Photo and Design	Supplies	\$360

In accordance with an Attorney General's opinion dated July 2, 1990, the above transaction with an employee of the District does not appear to represent a conflict of interest.

In accordance with an Attorney General's opinion dated November 9, 1976, the above transaction with the spouse of an employee does not appear to represent a conflict of interest.

IV-E-21 Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

IV-F-21 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-G-21 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-H-21 Certified Enrollment - We noted the enrollment data certified to the Iowa Department of Education was understated by 1.00 student.

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

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

Conclusion - Response accepted.

- IV-I-21 Supplementary Weighting - No variances in the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-J-21 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.
- IV-K-21 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education and we noted no significant deficiencies in the amounts reported.
- IV-L-21 Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- IV-M-21 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, 2021, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 3,729,759
Revenues:		
Sales tax revenues	\$ 1,056,460	
Other local revenues	<u>5,526</u>	<u>1,061,986</u>
Expenditures/transfers out:		
School infrastructure construction	2,350,045	
Equipment	275,977	
Other	10,349	
Transfers to other funds:		
Debt service fund	<u>833,177</u>	<u>3,469,548</u>
Ending balance		<u>\$ 1,322,197</u>

For the year ended June 30, 2021, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

- IV-N-21 Early Retirement Payment - We noted that the early retirement agreement with a previous employee specified an early retirement payment of \$5,000 a year for two years in addition to insurance for four years. We noted that the actual early retirement payment during fiscal year 2021 was \$8,000. The District should review its procedures to ensure only agreed upon payments for early retirement are issued.

Recommendation - The District should review payroll procedures in place to ensure that early retirement benefits are paid out in accordance with the District's early retirement policy are valid and supported. Additionally, the District should request the former employee reimburse the District for the overpayment and make any necessary tax reporting corrections.

Response - The district adjusted the second payment of the retirement incentive to this retired employee. The total amount paid for the retirement incentive was \$10,000 as approved in the retirement incentive program. First payment \$8,000 and the second payment of \$2,000. The retirement incentive payout process has been enhanced with a spreadsheet outlining amounts and dates of payment. Also, there will be dual review prior to making payments for retirement incentives.

Conclusion - Response accepted.

IV-O-21 Inactive Student Activity Accounts - During our audit we noted four accounts within the Student Activity Fund which had balances at year end, but no activity (revenues or expenses) in the past two years. The accounts include the Boys Golf, Boys Cross Country, Swing Choir, and Larry Beecher NAHS.

Recommendation - The District should review the Boys Golf, Boys Cross Country, Swing Choir, Larry Beecher NAHS accounts to determine their status. If the District determines these accounts are inactive, the remaining balances should be reallocated within the Student Activity Fund at the discretion of the Board of Education.

Response - The district will review the accounts in the Student Activity Fund and seek board approval to close inactive accounts.

Conclusion - Response accepted.