

SHENANDOAH COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

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Shenandoah Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Jean Fichter	President	2025
Adam Van Der Vliet	Vice President	2025
Jeff Hiser	Board Member	2023
Benne Rogers	Board Member	2023
Clint Wooten	Board Member	2025
School Officials		
Dr. Kerri Nelson	Superintendent	2022
Lisa Holmes	Board Secretary	2022
Sherri Ruzek	School Business Officer (Resigned December 31, 2021)	2021
William Barrett	School Business Officer (Hired January 1, 2022)	2022
Ahlers & Cooney, P.C.	Attorney	2022

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(a professional corporation)
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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of Shenandoah Community School District:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 13 to the financial statements, Shenandoah Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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, 2022 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information, including the Schedule of Expenditures of Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 22, 2023 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.



NOLTE, CORNMAN & JOHNSON, P.C.

September 22, 2023
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, 2022. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2022 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$13,413,532 in fiscal year 2021 to \$14,947,202 in fiscal year 2022, while General Fund expenditures increased from \$13,715,047 in fiscal year 2021 to \$15,567,273 in fiscal year 2022. The District's General Fund balance decreased from \$2,553,383 at June 30, 2021 to \$1,933,312 at June 30, 2022, a 24.28% 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 support services costs incurred.
- The District's total net position increased from \$10,607,995 at June 30, 2021 to \$11,760,683 at June 30, 2022. Total revenues increased from \$16,742,171 in fiscal year 2021 to \$18,737,884 in fiscal year 2022, a 11.92% increase, while total expenses increased from \$17,242,113 in fiscal year 2021 to \$17,585,196 in fiscal year 2022, a 1.99% 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. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases, decreasing the governmental activities beginning net position by \$655.

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.

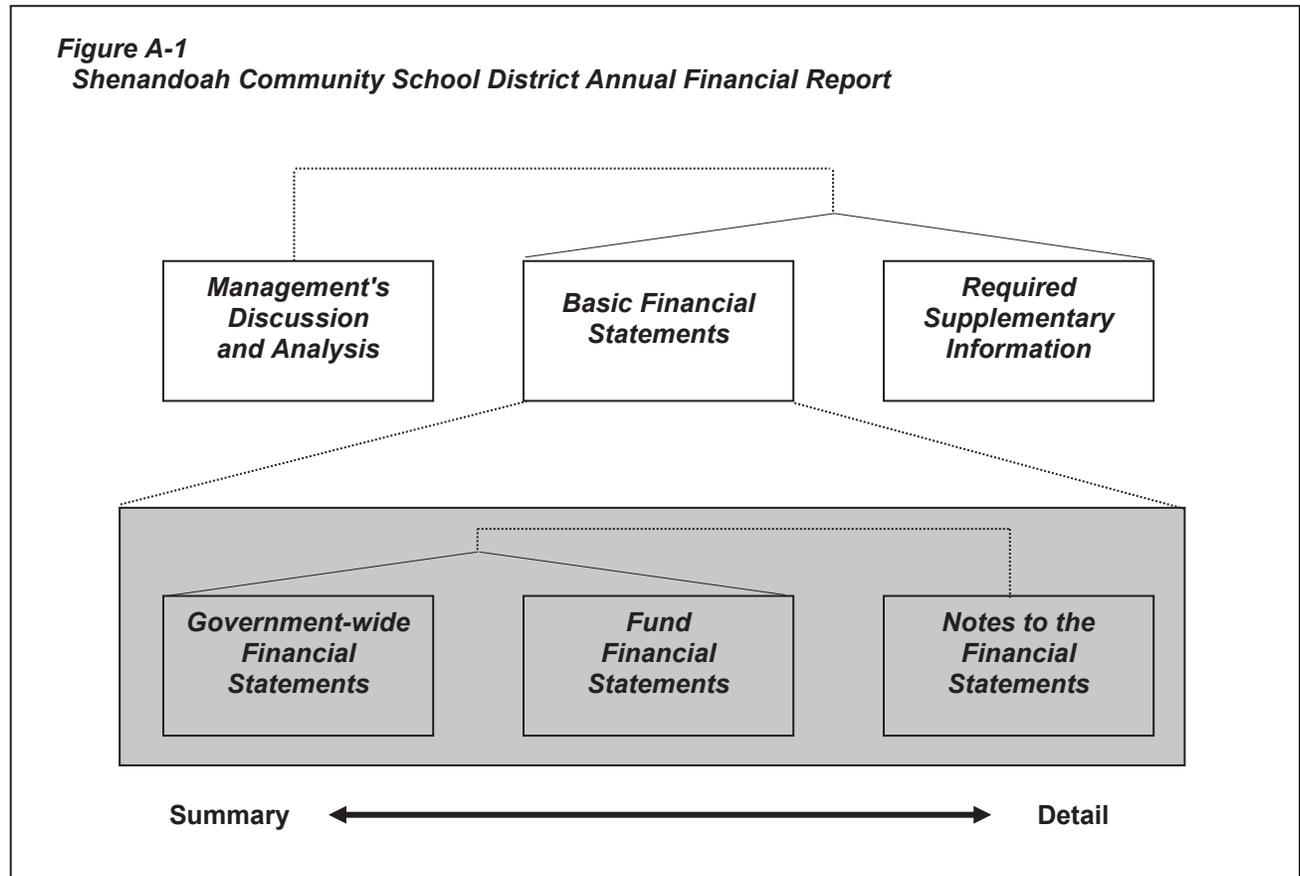


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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, 2022 compared to June 30, 2021.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2022	Restated 2021	2022	Not Restated 2021	2022	Restated 2021	2021-22
Current and other assets	\$ 13,133,118	12,803,005	336,700	166,837	13,469,818	12,969,842	3.85%
Capital assets	18,131,182	18,750,823	24,117	31,490	18,155,299	18,782,313	-3.34%
Total assets	<u>31,264,300</u>	<u>31,553,828</u>	<u>360,817</u>	<u>198,327</u>	<u>31,625,117</u>	<u>31,752,155</u>	<u>-0.40%</u>
Deferred outflows of resources	1,296,460	1,822,526	40,247	56,253	1,336,707	1,878,779	-28.85%
Long-term liabilities	8,634,460	15,877,419	25,654	238,474	8,660,114	16,115,893	-46.26%
Other liabilities	1,977,475	1,602,571	35,583	27,495	2,013,058	1,630,066	23.50%
Total liabilities	<u>10,611,935</u>	<u>17,479,990</u>	<u>61,237</u>	<u>265,969</u>	<u>10,673,172</u>	<u>17,745,959</u>	<u>-39.86%</u>
Deferred inflows of resources	10,368,121	5,263,576	159,848	13,404	10,527,969	5,276,980	99.51%
Net position:							
Net investment in capital assets	11,000,182	10,851,236	24,117	31,490	11,024,299	10,882,726	1.30%
Restricted	3,447,420	3,209,843	-	-	3,447,420	3,209,843	7.40%
Unrestricted	(2,866,898)	(3,428,291)	155,862	(56,283)	(2,711,036)	(3,484,574)	22.20%
Total net position	<u>\$ 11,580,704</u>	<u>10,632,788</u>	<u>179,979</u>	<u>(24,793)</u>	<u>11,760,683</u>	<u>10,607,995</u>	<u>10.87%</u>

The District's total net position increased 10.87%, or \$1,152,688, 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 increased \$237,577, or 7.40%, from the prior year. The increase in restricted net position was primarily a result of an increase in the amount restricted for physical plant and equipment levy compared to the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased \$773,538, or 22.20%. This increase was due primarily to the decrease in the District's net pension liability compared to the prior year.

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

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2022	Not Restated 2021	2022	Not Restated 2021	2022	Not Restated 2021	2021-22
Revenues:							
Program revenues:							
Charges for service	\$ 921,265	808,671	111,620	88,967	1,032,885	897,638	15.07%
Operating grants, contributions and restricted interest	3,367,629	1,754,024	945,841	849,311	4,313,470	2,603,335	65.69%
General revenues:							
Property tax	4,716,856	4,699,399	-	-	4,716,856	4,699,399	0.37%
Income surtax	543,963	412,819	-	-	543,963	412,819	31.77%
Statewide sales, services and use tax	1,229,812	1,056,460	-	-	1,229,812	1,056,460	16.41%
Unrestricted state grants	6,688,669	6,881,507	-	-	6,688,669	6,881,507	-2.80%
Unrestricted investment earnings	25,055	19,638	789	272	25,844	19,910	29.80%
Other	181,964	165,098	4,421	6,005	186,385	171,103	8.93%
Total revenues	<u>17,675,213</u>	<u>15,797,616</u>	<u>1,062,671</u>	<u>944,555</u>	<u>18,737,884</u>	<u>16,742,171</u>	<u>11.92%</u>
Program expenses:							
Instruction	8,609,469	9,256,544	-	-	8,609,469	9,256,544	-6.99%
Support services	6,738,863	5,804,492	1,511	1,189	6,740,374	5,805,681	16.10%
Non-instructional programs	-	-	856,388	810,084	856,388	810,084	5.72%
Other expenses	1,378,965	1,369,804	-	-	1,378,965	1,369,804	0.67%
Total expenses	<u>16,727,297</u>	<u>16,430,840</u>	<u>857,899</u>	<u>811,273</u>	<u>17,585,196</u>	<u>17,242,113</u>	<u>1.99%</u>
Excess (Deficiency) of revenues over (under) expenses	947,916	(633,224)	204,772	133,282	1,152,688	(499,942)	-330.56%
Transfers	-	76,561	-	(76,561)	-	-	0.00%
Change in net position	947,916	(556,663)	204,772	56,721	1,152,688	(499,942)	-330.56%
Net position beginning of year, as restated	10,632,788	11,190,106	(24,793)	(81,514)	10,607,995	11,108,592	-4.51%
Net position end of year	<u>\$ 11,580,704</u>	<u>10,633,443</u>	<u>179,979</u>	<u>(24,793)</u>	<u>11,760,683</u>	<u>10,608,650</u>	<u>10.86%</u>

In fiscal year 2022, property tax and unrestricted state grants accounted for 64.53% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 99.51% of the business type activities revenues.

The District's total revenues were approximately \$18.74 million, of which approximately \$17.68 million was for governmental activities and approximately \$1.06 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 11.92% increase in revenues and a 1.99% 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 \$17,675,213 and expenditures were \$16,727,297 for the year ended June 30, 2022.

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

	Total Cost of Services			Net Cost of Services		
	2022	2021	Change 2021-22	2022	2021	Change 2021-22
Instruction	\$ 8,609,469	9,256,544	-6.99%	6,465,928	7,650,231	-15.48%
Support services	6,738,863	5,804,492	16.10%	5,075,212	5,332,442	-4.82%
Other expenses	1,378,965	1,369,804	0.67%	897,263	885,472	1.33%
Total	<u>\$ 16,727,297</u>	<u>16,430,840</u>	<u>1.80%</u>	<u>12,438,403</u>	<u>13,868,145</u>	<u>-10.31%</u>

For the year ended June 30, 2022:

- The cost financed by users of the District's programs was \$921,265.
- Federal and state governments along with local sources subsidized certain programs and projects with grants and contributions totaling \$3,367,629.
- The net cost of governmental activities was financed with \$4,716,856 in property tax, \$543,963 in income surtax, \$1,299,812 in statewide sales, services and use tax, \$6,688,669 in unrestricted state grants, \$25,055 in interest income and \$181,964 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$1,062,671 and expenses were \$857,899 for the year ended June 30, 2022. The District's business type activities include the School Nutrition Fund and Childcare 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 \$5,709,839, below last year's ending combined fund balances of \$5,949,459. The decrease is primarily a result of a decrease in the General Fund balance compared to the prior year.

Governmental Fund Highlights

- The General Fund balance decreased from \$2,553,383 at June 30, 2021 to \$1,933,312 at June 30, 2022. Total revenues increased due to an increase in federal revenues. Total expenditures increased mainly due to an increase in instructional staff costs incurred.
- The Capital Projects Fund balance increased from \$1,994,226 at June 30, 2021 to \$2,329,185 at June 30, 2022. The increase was due primarily to an increase in state source revenues and a decrease in capital outlay expenditures.

- The Management Levy Fund balance increased from \$1,289,829 at June 30, 2021 to \$1,306,403 at June 30, 2022. The revenues outpaced the expenditures leading to an increase in fund balance.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from a deficit \$24,793 at June 30, 2021 to \$174,959 at June 30, 2022, representing an increase of 805.68%. Revenues increased from the prior year by 10.29% while expenditures decreased by 5.17% leading to an overall increase in fund balance.

Childcare Fund net position increased from \$0 at June 30, 2021 to \$5,020 at June 30, 2022, representing a 100% increase. This fund was created over the fiscal year resulting in the 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 \$1,928,459 more than budgeted revenues, a variance of 11.48%. 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, 2022, the District had invested \$18,155,299, 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 decrease of 3.34% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$932,962.

The original cost of the District's capital assets was approximately \$35.56 million. Governmental activities accounted for approximately \$35.27 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 buildings category. The District's buildings totaled \$16,676,785 at June 30, 2022, compared to \$17,337,078 reported at June 30, 2021. This significant decrease resulted from depreciation over the fiscal year.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2022	Restated 2021	2022	Not Restated 2021	2022	Restated 2021	2021-22
Land	\$ 175,000	175,000	-	-	175,000	175,000	0.00%
Buildings	16,676,785	17,337,078	-	-	16,676,785	17,337,078	-3.81%
Land improvements	651,784	498,370	-	-	651,784	498,370	30.78%
Machinery and equipment	627,613	728,443	24,117	31,490	651,730	759,933	-14.24%
Right-to-use leased equipment	-	11,932	-	-	-	11,932	-100.00%
Total	\$ 18,131,182	18,750,823	24,117	31,490	18,155,299	18,782,313	-3.34%

Long-Term Debt

At June 30, 2022, the District had \$7,131,000 in long-term debt outstanding. This represents a decrease of 9.73% from last year. (See figure A-7) Additional information about the Districts long-term debt is presented in Note 5 to the financial statements.

The District had outstanding revenue bonded indebtedness of \$7,131,000 at June 30, 2022, 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
	District		Change
	June 30,		June 30,
	2022	Restated	2021-22
		2021	
Revenue bonds	\$ 7,131,000	7,887,000	-9.59%
Lease agreements	-	12,587	-100.00%
Total	<u>\$ 7,131,000</u>	<u>7,899,587</u>	<u>-9.73%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Change in the open enrollment law to allow students to apply for open enrollment at any time without need for good cause. This change from the previous law requirement of March 1st deadline preceding the year of the effective open enrollment date.
- Implementation of the Iowa school voucher law. This allows most of the state funds for K-12 students per pupil rate attending private schools to be allocated to the private school. There are not many private schools in SW Iowa near the Shenandoah CSD, however, this could have an impact.
- The Ignite online education platform for Shenandoah CSD has had a very positive impact recently, with numerous students from nearby districts open enrolling into Shenandoah CSD to attend the online program.
- There is a shortage of available housing in the Shenandoah and surrounding communities, this hinders the population growth for school age students.
- The economic decline in southwest Iowa continues as the poverty rates increase in the general population.

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, 2022

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 7,063,898	311,223	7,375,121
Receivables:			
Property tax:			
Delinquent	47,890	-	47,890
Succeeding year	5,022,712	-	5,022,712
Income surtax	423,092	-	423,092
Accounts	1,712	-	1,712
Due from other governments	573,814	16,056	589,870
Inventories	-	9,421	9,421
Capital assets not being depreciated/amortized:			
Land and construction in progress	175,000	-	175,000
Capital assets, net of accumulated depreciation/amortization:			
Buildings, land improvements, machinery and equipment and right-to-use leased equipment	17,956,182	24,117	17,980,299
Total assets	31,264,300	360,817	31,625,117
Deferred Outflows of Resources			
Pension related deferred outflows	1,070,121	35,037	1,105,158
OPEB related deferred outflows	226,339	5,210	231,549
Total deferred outflows of resources	1,296,460	40,247	1,336,707
Liabilities			
Accounts payable	705,909	5,732	711,641
Salaries and benefits payable	1,271,566	18,651	1,290,217
Unearned revenue	-	11,200	11,200
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	773,000	-	773,000
Termination benefits	186,124	-	186,124
Compensated absences	185,243	4,616	189,859
Portion due after one year:			
Revenue bonds	6,358,000	-	6,358,000
Termination benefits	259,629	-	259,629
Net pension liability	137,506	4,121	141,627
Total OPEB liability	734,958	16,917	751,875
Total liabilities	10,611,935	61,237	10,673,172
Deferred Inflows of Resources			
Unavailable property tax revenue	5,022,712	-	5,022,712
Pension related deferred inflows	5,292,955	158,641	5,451,596
OPEB related deferred inflows	52,454	1,207	53,661
Total deferred inflows of resources	10,368,121	159,848	10,527,969
Net Position			
Net investment in capital assets	11,000,182	24,117	11,024,299
Restricted for:			
Categorical funding	116,646	-	116,646
Management levy purposes	860,650	-	860,650
Student activities	140,939	-	140,939
School infrastructure	1,305,640	-	1,305,640
Physical plant and equipment	1,023,545	-	1,023,545
Unrestricted	(2,866,898)	155,862	(2,711,036)
Total net position	\$ 11,580,704	179,979	11,760,683

SEE NOTES TO FINANCIAL STATEMENTS.

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

	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	\$ 5,516,375	597,061	595,401	(4,323,913)	-	(4,323,913)
Special	1,657,383	98,053	93,394	(1,465,936)	-	(1,465,936)
Other	1,435,711	224,756	534,876	(676,079)	-	(676,079)
	<u>8,609,469</u>	<u>919,870</u>	<u>1,223,671</u>	<u>(6,465,928)</u>	<u>-</u>	<u>(6,465,928)</u>
Support services:						
Student	804,845	-	59,867	(744,978)	-	(744,978)
Instructional staff	1,819,321	-	1,131,701	(687,620)	-	(687,620)
Administration	1,443,645	-	-	(1,443,645)	-	(1,443,645)
Operation and maintenance of plant	2,102,454	-	417,890	(1,684,564)	-	(1,684,564)
Transportation	568,598	1,395	52,798	(514,405)	-	(514,405)
	<u>6,738,863</u>	<u>1,395</u>	<u>1,662,256</u>	<u>(5,075,212)</u>	<u>-</u>	<u>(5,075,212)</u>
Long-term debt interest	173,015	-	-	(173,015)	-	(173,015)
Other expenditures:						
AEA flowthrough	481,702	-	481,702	-	-	-
Depreciation/amortization (unallocated)*	724,248	-	-	(724,248)	-	(724,248)
	<u>1,205,950</u>	<u>-</u>	<u>481,702</u>	<u>(724,248)</u>	<u>-</u>	<u>(724,248)</u>
Total governmental activities	<u>16,727,297</u>	<u>921,265</u>	<u>3,367,629</u>	<u>(12,438,403)</u>	<u>-</u>	<u>(12,438,403)</u>
Business type activities:						
Support services:						
Administration	320	-	-	-	(320)	(320)
Operation and maintenance of plant	1,191	-	-	-	(1,191)	(1,191)
	<u>1,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,511)</u>	<u>(1,511)</u>
Non-instructional programs:						
Food service operations	840,448	90,665	945,841	-	196,058	196,058
Other enterprise operations	15,940	20,955	-	-	5,015	5,015
	<u>856,388</u>	<u>111,620</u>	<u>945,841</u>	<u>-</u>	<u>201,073</u>	<u>201,073</u>
Total business type activities	<u>857,899</u>	<u>111,620</u>	<u>945,841</u>	<u>-</u>	<u>199,562</u>	<u>199,562</u>
Total	<u>\$ 17,585,196</u>	<u>1,032,885</u>	<u>4,313,470</u>	<u>(12,438,403)</u>	<u>199,562</u>	<u>(12,238,841)</u>
General Revenues and Transfers:						
Property tax levied for:						
General purposes				\$ 4,292,215	-	4,292,215
Capital outlay				424,641	-	424,641
Income surtax				543,963	-	543,963
Statewide sales, services and use tax				1,229,812	-	1,229,812
Unrestricted state grants				6,688,669	-	6,688,669
Unrestricted investment earnings				25,055	789	25,844
Other				181,964	4,421	186,385
Total general revenues and transfers				<u>13,386,319</u>	<u>5,210</u>	<u>13,391,529</u>
Change in net position				947,916	204,772	1,152,688
Net position beginning of year, as restated				10,632,788	(24,793)	10,607,995
Net position end of year				<u>\$ 11,580,704</u>	<u>179,979</u>	<u>11,760,683</u>

* This amount excludes the depreciation/amortization 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, 2022

	General	Capital Projects	Management Levy	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 3,377,853	2,242,571	1,303,206	140,268	7,063,898
Receivables:					
Property tax:					
Delinquent	38,416	4,259	5,215	-	47,890
Succeeding year	4,079,172	418,540	525,000	-	5,022,712
Income surtax	211,546	211,546	-	-	423,092
Accounts	1,712	-	-	-	1,712
Due from other governments	482,464	85,917	-	5,433	573,814
Total assets	\$ 8,191,163	2,962,833	1,833,421	145,701	13,133,118
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 697,585	3,562	-	4,762	705,909
Salaries and benefits payable	1,269,548	-	2,018	-	1,271,566
Total liabilities	1,967,133	3,562	2,018	4,762	1,977,475
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	4,079,172	418,540	525,000	-	5,022,712
Income surtax	211,546	211,546	-	-	423,092
Total deferred inflows of resources	4,290,718	630,086	525,000	-	5,445,804
Fund balances:					
Restricted for:					
Categorical funding	116,646	-	-	-	116,646
Management levy purposes	-	-	1,306,403	-	1,306,403
Student activities	-	-	-	140,939	140,939
School infrastructure	-	1,305,640	-	-	1,305,640
Physical plant and equipment	-	1,023,545	-	-	1,023,545
Assigned	146,386	-	-	-	146,386
Unassigned	1,670,280	-	-	-	1,670,280
Total fund balances	1,933,312	2,329,185	1,306,403	140,939	5,709,839
Total liabilities, deferred inflows of resources and fund balances	\$ 8,191,163	2,962,833	1,833,421	145,701	13,133,118

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds (page 20)	\$	5,709,839
 <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.		18,131,182
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.		423,092
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	\$ 1,296,460	
Deferred inflows of resources	<u>(5,345,409)</u>	(4,048,949)
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>(8,634,460)</u>
Net position of governmental activities (page 18)	\$	<u>11,580,704</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, 2022

	General	Capital Projects	Management Levy	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 4,049,860	693,993	511,706	-	5,255,559
Tuition	637,702	-	-	-	637,702
Other	342,972	8,269	4,649	275,692	631,582
State sources	7,407,638	1,247,233	21,092	-	8,675,963
Federal sources	2,469,147	-	-	-	2,469,147
Total revenues	14,907,319	1,949,495	537,447	275,692	17,669,953
Expenditures:					
Current:					
Instruction:					
Regular	5,736,138	1,478	208,720	-	5,946,336
Special	1,873,552	-	-	-	1,873,552
Other	1,351,445	-	-	243,069	1,594,514
	8,961,135	1,478	208,720	243,069	9,414,402
Support services:					
Student	863,644	-	-	-	863,644
Instructional staff	1,796,345	128,454	-	-	1,924,799
Administration	1,415,385	44,851	25,016	37	1,485,289
Operation and maintenance of plant	1,614,459	40,667	251,418	-	1,906,544
Transportation	434,603	6,988	35,719	-	477,310
	6,124,436	220,960	312,153	37	6,657,586
Capital outlay	-	454,164	-	-	454,164
Long-term debt:					
Principal	-	-	-	768,587	768,587
Interest and fiscal charges	-	500	-	172,515	173,015
	-	500	-	941,102	941,602
Other expenditures:					
AEA flowthrough	481,702	-	-	-	481,702
Total expenditures	15,567,273	677,102	520,873	1,184,208	17,949,456
Excess (Deficiency) of revenues over (under) expenditures	(659,954)	1,272,393	16,574	(908,516)	(279,503)
Other financing sources (uses):					
Proceeds from the sale of equipment	39,883	-	-	-	39,883
Transfer in	-	-	-	937,434	937,434
Transfer out	-	(937,434)	-	-	(937,434)
Total other financing sources (uses)	39,883	(937,434)	-	937,434	39,883
Change in fund balances	(620,071)	334,959	16,574	28,918	(239,620)
Fund balances beginning of year	2,553,383	1,994,226	1,289,829	112,021	5,949,459
Fund balances end of year	\$ 1,933,312	2,329,185	1,306,403	140,939	5,709,839

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, 2022

Change in fund balances - total governmental funds (page 22) \$ (239,620)

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

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

Capital outlay	\$ 309,519	
Depreciation/amortization expense	(925,589)	
Loss on disposal	<u>(3,571)</u>	(619,641)

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 5,260

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in Statement of Net Position. 768,587

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. 772,771

District costs associated with the total OPEB liability implicit subsidy after the measurement date but before year end. 226,339

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

Termination benefits	(122,425)	
Compensated absences	3,148	
Pension expense	438,639	
Total OPEB liability and related expenses	<u>(285,142)</u>	<u>34,220</u>

Change in net position of governmental activities (page 19) \$ 947,916

SHENANDOAH COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

	Business Type Activities:		
	Enterprise Funds		
	Major	Nonmajor	
	School Nutrition	Childcare	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 307,561	3,662	311,223
Due from other governments	16,056	-	16,056
Inventories	9,421	-	9,421
Total current assets	333,038	3,662	336,700
Noncurrent assets:			
Capital assets, net of accumulated depreciation	24,117	-	24,117
Total assets	357,155	3,662	360,817
Deferred Outflows of Resources			
Pension related deferred outflows	33,679	1,358	35,037
OPEB related deferred outflows	5,210	-	5,210
Total deferred outflows of resources	38,889	1,358	40,247
Liabilities			
Current liabilities:			
Accounts payable	5,732	-	5,732
Salaries and benefits payable	18,651	-	18,651
Unearned revenue	11,200	-	11,200
Total current liabilities	35,583	-	35,583
Noncurrent liabilities:			
Compensated absences	4,616	-	4,616
Net pension liability	4,121	-	4,121
Total OPEB liability	16,917	-	16,917
Total noncurrent liabilities	25,654	-	25,654
Total liabilities	61,237	-	61,237
Deferred Inflows of Resources			
Pension related deferred inflows	158,641	-	158,641
OPEB related deferred inflows	1,207	-	1,207
Total deferred inflows of resources	159,848	-	159,848
Net Position			
Net investment in capital assets	24,117	-	24,117
Unrestricted	150,842	5,020	155,862
Total net position	\$ 174,959	5,020	179,979

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, 2022

	Business Type Activities:		
	Enterprise Funds		
	Major	Nonmajor	
	School Nutrition	Childcare	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 90,665	20,955	111,620
Miscellaneous	4,421	-	4,421
Total operating revenues	95,086	20,955	116,041
Operating expenses:			
Administration:			
Services	320	-	320
Operation and maintenance of plant:			
Services	1,191	-	1,191
Total support services	1,511	-	1,511
Non-instructional programs:			
Food service operations:			
Salaries	268,527	-	268,527
Benefits	28,209	-	28,209
Supplies	536,339	-	536,339
Depreciation	7,373	-	7,373
	840,448	-	840,448
Other enterprise operations:			
Salaries	-	14,382	14,382
Benefits	-	1,100	1,100
Supplies	-	458	458
	-	15,940	15,940
Total operating expenses	841,959	15,940	857,899
Operating income (loss)	(746,873)	5,015	(741,858)
Non-operating revenues:			
State sources	5,403	-	5,403
Federal sources	940,438	-	940,438
Interest income	784	5	789
Total non-operating revenues	946,625	5	946,630
Change in net position	199,752	5,020	204,772
Net position beginning of year	(24,793)	-	(24,793)
Net position end of year	\$ 174,959	5,020	179,979

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022

	Business Type Activities:		
	Enterprise Funds		
	Major School Nutrition	Nonmajor Childcare	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 88,811	-	88,811
Cash received from community service operations	-	20,955	20,955
Cash received from miscellaneous	4,421	-	4,421
Cash payments to employees for services	(337,443)	(16,840)	(354,283)
Cash payments to suppliers for goods or services	(469,336)	(458)	(469,794)
Net cash provided by (used in) operating activities	<u>(713,547)</u>	<u>3,657</u>	<u>(709,890)</u>
Cash flows from non-capital financing activities:			
Net borrowings (repayments) from the General Fund	(76,561)	-	(76,561)
State grants received	4,780	-	4,780
Federal grants received	913,764	-	913,764
Net cash provided by non-capital financing activities	<u>841,983</u>	<u>-</u>	<u>841,983</u>
Cash flows from investing activities:			
Interest on investments	784	5	789
Net increase (decrease) in cash and pooled investments	129,220	3,662	132,882
Cash and pooled investments beginning of year	178,341	-	178,341
Cash and pooled investments end of year	<u>\$ 307,561</u>	<u>3,662</u>	<u>311,223</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (746,873)	5,015	(741,858)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Commodities consumed	55,517	-	55,517
Depreciation	7,373	-	7,373
Change in assets and liabilities:			
Inventories	8,471	-	8,471
Accounts payable	4,526	-	4,526
Salaries and benefits payable	8,305	-	8,305
Net pension liability	(207,198)	-	(207,198)
Deferred outflows of resources	17,364	(1,358)	16,006
Deferred inflows of resources	146,444	-	146,444
Unearned revenue	(1,854)	-	(1,854)
Compensated absences	90	-	90
Total OPEB liability	(5,712)	-	(5,712)
Net cash provided by (used in) operating activities	<u>\$ (713,547)</u>	<u>3,657</u>	<u>(709,890)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2022, the District received \$55,517 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Private Purpose Trust	Scholarship	Custodial
Assets			
Cash and pooled investments	\$	378,871	2,665
Liabilities		-	-
Net Position			
Held in trust for scholarships	\$	378,871	-
Restricted for other organizations		-	2,665
Total net position	\$	378,871	2,665

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Private Purpose Trust	
	Scholarship	Custodial
Additions:		
Local sources:		
Gifts and contributions	\$ -	679
Interest income	569	-
Total additions	<u>569</u>	<u>679</u>
Deductions:		
Instruction:		
Regular:		
Scholarships awarded	4,750	-
Supplies	-	6
Total deductions	<u>4,750</u>	<u>6</u>
Change in net position	(4,181)	673
Net position beginning of year	<u>383,052</u>	<u>1,992</u>
Net position end of year	<u>\$ 378,871</u>	<u>2,665</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

(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/amortization 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, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2021.

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

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

Capital Assets - Capital assets, which include property, machinery and equipment and intangibles acquired after July 1, 1980 are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 5,000
Buildings	5,000
Land improvements	5,000
Intangibles	150,000
Right-to-use leased assets	5,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment and the right-to-use leased assets are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Land improvements	20 years
Intangibles	2+ years
Right-to-use leased assets	2-15 years
Machinery and equipment	
School Nutrition Fund equipment	12 years
Other machinery and equipment	5-12 years

Leases - Shenandoah Community School District is the lessee for a noncancellable lease of equipment. The District has recognized a lease liability and an intangible right-to-use lease equipment (lease asset) in the government-wide financial statements. The District recognized leases with an initial, individual value of \$5,000 or more.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how Shenandoah Community School District determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Shenandoah Community School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments, as well as any purchase option price included in the agreement that the District would be reasonably certain to exercise.

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

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

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

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

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, 2022. 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 and OPEB expense.

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

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or 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, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

investment trusts; and warrants or improvement certificates of a drainage district. The District had no such investments at June 30, 2022.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 924,661
Debt Service	Capital Projects: Physical Plant and Equipment Levy	12,773
Total		<u>\$ 937,434</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 and lease agreement indebtedness.

The transfer from the Capital Projects: Physical Plant and Equipment Levy Fund to the Debt Service Fund was for principal and interest payments on the District's copier lease agreement indebtedness.

(4) Capital Assets

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

	Restated, Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 175,000	-	-	175,000
Total capital assets not being depreciated	175,000	-	-	175,000
Capital assets being depreciated:				
Buildings	31,049,942	-	-	31,049,942
Land improvements	1,378,843	205,437	-	1,584,280
Machinery and equipment	2,577,935	104,082	283,543	2,398,474
Right-to-use leased equipment	59,662	-	-	59,662
Total capital assets being depreciated	35,066,382	309,519	283,543	35,092,358
Less accumulated depreciation for:				
Buildings	13,712,864	660,293	-	14,373,157
Land improvements	880,473	52,023	-	932,496
Machinery and equipment	1,849,492	201,341	279,972	1,770,861
Right-to-use leased equipment	47,730	11,932	-	59,662
Total accumulated depreciation	16,490,559	925,589	279,972	17,136,176
Total capital assets being depreciated, net	18,575,823	(616,070)	3,571	17,956,182
Governmental activities capital assets, net	\$ 18,750,823	(616,070)	3,571	18,131,182
Business type activities:				
Machinery and equipment	\$ 287,970	-	-	287,970
Less accumulated depreciation	256,480	7,373	-	263,853
Business type activities capital assets, net	\$ 31,490	(7,373)	-	24,117

Depreciation expense was charged to the following functions:

Governmental activities:		
Instruction:		
Regular		\$ 12,193
Other		7,521
Support services:		
Instructional staff		27,953
Operation and maintenance of plant		12,987
Transportation		140,687
		<u>201,341</u>
Unallocated depreciation		<u>724,248</u>
Total governmental activities depreciation expense		<u>\$ 925,589</u>
Business type activities:		
Food service operations		<u>\$ 7,373</u>

(5) Long-Term Liabilities

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

	Restated, Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 7,887,000	-	756,000	7,131,000	773,000
Lease agreements	12,587	-	12,587	-	-
Termination benefits	323,328	250,129	127,704	445,753	186,124
Compensated absences	188,391	185,243	188,391	185,243	185,243
Net pension liability	6,785,990	-	6,648,484	137,506	-
Total OPEB liability	680,123	54,835	-	734,958	-
Total	<u>\$ 15,877,419</u>	<u>490,207</u>	<u>7,733,166</u>	<u>8,634,460</u>	<u>1,144,367</u>
Business type activities:					
Compensated absences	\$ 4,526	4,616	4,526	4,616	4,616
Net pension liability	211,319	-	207,198	4,121	-
Total OPEB liability	22,629	-	5,712	16,917	-
Total	<u>\$ 238,474</u>	<u>\$ 4,616</u>	<u>\$ 217,436</u>	<u>\$ 25,654</u>	<u>\$ 4,616</u>

Revenue Bonds

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

Year Ending June 30,	Refunding bonds issued June 13, 2016			Bonds issued November 25, 2019			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
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	2.22	395,000	26,751	2.13	447,000	58,192	842,000	84,943	926,943
2028-2031		810,000	27,084		2,285,000	121,304	3,095,000	148,388	3,243,388
Total		<u>\$ 2,690,000</u>	<u>244,200</u>		<u>\$ 4,441,000</u>	<u>504,171</u>	<u>7,131,000</u>	<u>748,371</u>	<u>7,879,371</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 75% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$7,879,371. For the current year, \$756,000 of principal and \$170,729 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$1,229,812.

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, 2021, and 2022, 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, 2022, the District has obligations to fifteen participants with a total liability of \$445,753. Actual early retirement expenditures for the year ended June 30, 2022 totaled \$127,704.

(6) Pension Plan

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

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

The District's contributions to IPERS for the year ended June 30, 2022 totaled \$798,895.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of \$141,627 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the District's proportion was 0.041024%, which was a decrease of 0.058585% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$459,177. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 107,758	108,195
Changes of assumptions	92,636	-
Net difference between projected and actual earnings on IPERS' investments	-	5,131,363
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	105,869	212,038
District contributions subsequent to the measurement date	798,895	-
Total	<u>\$ 1,105,158</u>	<u>5,451,596</u>

\$798,895 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of

the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2023	\$ (1,246,223)
2024	(1,297,756)
2025	(1,208,878)
2026	(1,404,801)
2027	12,325
Total	<u>\$ (5,145,333)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of 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	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will

be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments 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	\$ 5,012,630	141,627	(3,940,584)

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.

(7) Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Active employees	<u>187</u>
Total	<u><u>194</u></u>

Total OPEB Liability - The District's total OPEB liability of \$751,875 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	3.00% per annum.
Rates of salary increase	3.25% per annum, including inflation.
Discount rate	2.14% compounded annually, including inflation.
Healthcare cost trend rate	7.00% for FY2020, decreasing to an ultimate rate of 5.00%.

Discount Rate - The discount rate used to measure the total OPEB liability was 2.14% 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-2021 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	\$ 702,752
Changes for the year:	
Service cost	56,513
Interest	16,159
Differences between expected and actual experiences	(58,096)
Changes in assumptions	73,248
Benefit payments	<u>(38,701)</u>
Net changes	<u>49,123</u>
Total OPEB liability end of year	<u>\$ 751,875</u>

Changes of assumptions reflect a change in the discount rate from 3.50% as of July 1, 2019, used for the reporting date of June 30, 2021, to 2.14% as of July 1, 2021 used for the reporting date of June 30, 2022.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate 1% lower (1.14%) or 1% higher (3.14%) than the current discount rate.

	<u>1% Decrease (1.14%)</u>	<u>Discount Rate (2.14%)</u>	<u>1% Increase (3.14%)</u>
Total OPEB liability	\$ 813,073	751,875	695,249

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates 1% lower (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rates.

	<u>1% Decrease (6.00%)</u>	<u>Healthcare Cost Trend Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Total OPEB liability	\$ 673,082	751,875	845,912

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2022, the District recognized OPEB expense of \$93,706. At June 30, 2022, the District reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 117,638	53,661
Changes in assumptions	113,911	-
Total	<u>\$ 231,549</u>	<u>53,661</u>

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2023	\$ 21,034
2024	21,034
2025	21,034
2026	21,034
2027	21,034
Thereafter	<u>72,718</u>
Total	<u>\$ 177,888</u>

(8) 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.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$481,702 for the year ended June 30, 2022 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) 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, 2022.

<u>Program</u>	<u>Amount</u>
Home School Assistance Program (HSAP)	\$ 3,995
Gifted and Talented Programs	58,090
Teacher Salary Supplement	16,315
Professional Development	<u>38,246</u>
Total	<u>\$ 116,646</u>

(11) 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 Levy	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	1,306,403	1,670,280
Capital assets, net of accumulated depreciation/amortization	18,131,182	-	-
Revenue bond capitalized indebtedness	(7,131,000)	-	-
Income surtax	-	-	423,092
Termination benefits	-	(445,753)	-
Compensated absences	-	-	(185,243)
Pension related deferred outflows	-	-	1,070,121
Pension related deferred inflows	-	-	(5,292,955)
Net pension liability	-	-	(137,506)
Total OPEB liability	-	-	(734,958)
OPEB related deferred outflows	-	-	226,339
OPEB related deferred inflows	-	-	(52,454)
Assigned fund balance	-	-	146,386
Net position (Exhibit A)	<u>\$ 11,000,182</u>	<u>860,650</u>	<u>(2,866,898)</u>

(12) Tax Abatements

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

Tax Abatements of Other Entities

During the year 2022, the District was not impacted by any tax abatements which meet the disclosure requirements of Governmental Accounting Standards Board Statement No. 77.

(13) Accounting Change/Restatement

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

	Governmental Activities
Net position June 30, 2021, as previously reported	\$ 10,633,443
Net capital asset restatement for GASBS No. 87	11,932
Net long-term liabilities restatement for GASBS No. 87	(12,587)
Net position July 1, 2021, as restated	<u>\$ 10,632,788</u>

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

	Capital Assets	Long Term Liabilities
Balances June 30, 2021, as previously reported	\$ 18,738,891	15,864,832
Changes to implement GASBS No. 87:		
Lease agreements	59,662	12,587
Accumulated Depreciation, Right-to-Use Leased Equipment	(47,730)	-
Balances July 1, 2021, as restated	<u>\$ 18,750,823</u>	<u>15,877,419</u>

(14) GASB Standards Issued But Not Yet Implemented

GASB Statement No. 96, Subscription-Based Information Technology Arrangements establishes that a Subscription-Based Information Technology Arrangement (SBITA) results in a right-to-use subscription asset and a corresponding liability. Under this statement, a governmental entity generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. This statement will be effective for the year ending June 30, 2023.

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, 2022

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Funds Actual		Original	Final	
Revenues:						
Local sources	\$ 6,524,843	116,830	6,641,673	6,401,359	6,401,359	240,314
Intermediate sources	-	-	-	220,000	220,000	(220,000)
State sources	8,675,963	5,403	8,681,366	8,482,806	8,482,806	198,560
Federal sources	2,469,147	940,438	3,409,585	1,700,000	1,700,000	1,709,585
Total revenues	17,669,953	1,062,671	18,732,624	16,804,165	16,804,165	1,928,459
Expenditures/Expenses:						
Instruction	9,414,402	-	9,414,402	9,790,000	10,803,273	1,388,871
Support services	6,657,586	1,511	6,659,097	5,782,000	6,837,000	177,903
Non-instructional programs	-	856,388	856,388	720,000	923,835	67,447
Other expenditures	1,877,468	-	1,877,468	1,849,546	2,029,546	152,078
Total expenditures/expenses	17,949,456	857,899	18,807,355	18,141,546	20,593,654	1,786,299
Excess (Deficiency) of revenues over (under) expenditures/expenses	(279,503)	204,772	(74,731)	(1,337,381)	(3,789,489)	3,714,758
Other financing sources, net	39,883	-	39,883	10,000	10,000	29,883
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	(239,620)	204,772	(34,848)	(1,327,381)	(3,779,489)	3,744,641
Balances beginning of year	5,949,459	(24,793)	5,924,666	3,578,527	3,578,527	2,346,139
Balances end of year	\$ 5,709,839	179,979	5,889,818	2,251,146	(200,962)	6,090,780

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2022

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary 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 \$2,452,108.

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

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.041024%	0.099610%	0.105356%	0.106391%	0.101173%	0.097226%	0.097086%	0.102328%
District's proportionate share of the net pension liability	\$ 141,627	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	\$ 8,213,411	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	1.72%	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	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 798,895	775,346	746,252	756,658	714,068	673,981	623,191	593,959	597,943	554,671
Contributions in relation to the statutorily required contribution	(798,895)	(775,346)	(746,252)	(756,658)	(714,068)	(673,981)	(623,191)	(593,959)	(597,943)	(554,671)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 8,462,871	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
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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 FIVE YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2022	2021	2020	2019	2018
Service cost	\$ 56,513	48,149	46,634	48,803	47,267
Interest cost	16,159	25,012	24,981	22,953	21,270
Differences between expected and actual experiences	(58,096)	-	49,490	-	130,574
Changes in assumptions	73,248	-	2,721	-	72,465
Benefit payments	(38,701)	(73,791)	(70,675)	(27,732)	(18,422)
Net change in total OPEB liability	49,123	(630)	53,151	44,024	253,154
Total OPEB liability beginning of year	702,752	703,382	650,231	606,207	353,053
Total OPEB liability end of year	\$ 751,875	702,752	703,382	650,231	606,207
Covered-employee payroll	\$ 7,716,583	7,616,141	7,376,408	7,940,080	7,690,150
Total OPEB liability as a percentage of covered-employee payroll	9.74%	9.23%	9.54%	8.19%	7.88%

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

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

- The mortality assumption changed to the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement.

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

Year ended June 30, 2022	2.14%
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, 2022

	Special Revenue
	Student
	Activity
Assets	
Cash and pooled investments	\$ 140,268
Receivables:	
Property tax:	
Due from other governments	5,433
Total assets	\$ 145,701
 Liabilities, Deferred Inflows of Resources and Fund Balances	
Liabilities:	
Accounts payable	\$ 4,762
Fund balances:	
Restricted for:	
Student activities	140,939
Total liabilities, deferred inflows of resources and fund balances	\$ 145,701

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, 2022

	Special Revenue		
	Student Activity	Debt Service	Total Nonmajor
Revenues:			
Local sources:			
Other	\$ 274,441	1,251	275,692
Expenditures:			
Current:			
Instruction:			
Other	243,069	-	243,069
Support services:			
Administration	37	-	37
Long-term debt:			
Principal	-	768,587	768,587
Interest and fiscal charges	-	172,515	172,515
Total expenditures	243,106	941,102	1,184,208
Excess (Deficiency) of revenues over (under) expenditures	31,335	(939,851)	(908,516)
Other financing sources:			
Transfer in	-	937,434	937,434
Change in fund balances	31,335	(2,417)	28,918
Fund balances beginning of year	109,604	2,417	112,021
Fund balances end of year	\$ 140,939	-	140,939

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 1,220,223	1,022,348	2,242,571
Receivables:			
Property tax:			
Delinquent	-	4,259	4,259
Succeeding year	-	418,540	418,540
Income surtax	-	211,546	211,546
Due from other governments	85,917	-	85,917
Total assets	\$ 1,306,140	1,656,693	2,962,833
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 500	3,062	3,562
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	418,540	418,540
Income surtax	-	211,546	211,546
Total deferred inflows of resources	-	630,086	630,086
Fund balances:			
Restricted for:			
School infrastructure	1,305,640	-	1,305,640
Physical plant and equipment	-	1,023,545	1,023,545
Total fund balances	1,305,640	1,023,545	2,329,185
Total liabilities, deferred inflows of resources and fund balances	\$ 1,306,140	1,656,693	2,962,833

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, 2022

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	693,993	693,993
Other	4,807	3,462	8,269
State sources	1,229,812	17,421	1,247,233
Total revenues	<u>1,234,619</u>	<u>714,876</u>	<u>1,949,495</u>
Expenditures:			
Current:			
Instruction:			
Regular	-	1,478	1,478
Support services:			
Instructional staff	-	128,454	128,454
Administration	-	44,851	44,851
Operation and maintenance of plant	16,877	23,790	40,667
Transportation	-	6,988	6,988
Capital outlay	309,138	145,026	454,164
Long-term debt:			
Interest and fiscal charges	500	-	500
Total expenditures	<u>326,515</u>	<u>350,587</u>	<u>677,102</u>
Excess of revenues over expenditures	908,104	364,289	1,272,393
Other financing uses:			
Transfer out	<u>(924,661)</u>	<u>(12,773)</u>	<u>(937,434)</u>
Change in fund balances	(16,557)	351,516	334,959
Fund balances beginning of year	<u>1,322,197</u>	<u>672,029</u>	<u>1,994,226</u>
Fund balances end of year	<u>\$ 1,305,640</u>	<u>1,023,545</u>	<u>2,329,185</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, 2022

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
HS Drama	\$ 14,787	12,596	11,688	15,695
MS Drama	-	4,537	2,039	2,498
HS General Athletics	7,641	121,390	113,536	15,495
Football	1,034	625	503	1,156
Boys Track	245	-	-	245
Bus. Prof. of America	4,284	125	-	4,409
Annual	11,682	4,887	4,275	12,294
Math Club	1,893	-	945	948
Auto Tech Club	-	825	408	417
Cheerleaders	2,751	6,629	4,803	4,577
Class of 2021	397	-	397	-
Shen FFA	7,220	21,072	23,783	4,509
Shen FCCLA	4,093	2,971	3,053	4,011
Shen Girls Golf	19	-	-	19
Shen GSA	50	436	-	486
Marching Mustangs	2,131	555	902	1,784
Natl Art Honor Society	1,644	60	214	1,490
Natl Honor Society	2,413	460	846	2,027
Shen Boys Bowling	5,737	2,945	2,854	5,828
Shen Boys Basketball	270	-	135	135
Shen Girls Basketball	1,070	1,331	1,372	1,029
Shen Boys Golf	114	-	-	114
Shen Boys Cross Country	219	-	26	193
Shen Boys Tennis	-	1,751	1,751	-
Shen Boys Track	649	2,239	1,645	1,243
Shen Football	4,776	4,545	2,500	6,821
Shen Girls Tennis	222	-	-	222
Shen Girls Cross Country	215	50	4	261
Shen Singers	1,483	797	746	1,534
Shen Softball	1,369	160	402	1,127
Shen Volleyball	342	250	-	592
Shen Weight Club	-	4,207	4,021	186
Shen Wrestlers	279	840	437	682
Mustang Field Concessions	2,109	42,789	25,837	19,061
HS Speech Club	104	6,475	5,363	1,216
HS Dance	101	-	-	101
HS Student Council	1,044	5,222	3,619	2,647
Shen Baseball	-	910	250	660
MS Annual	1,362	174	1,290	246
MS Cheer	176	120	185	111
MS FCCLA	1,187	-	-	1,187
MS Marching Mustangs	4,439	725	4,171	993
MS Swing Choir	301	-	301	-
MS Student Council	13,176	4,541	760	16,957
Lifeskills	1,528	-	1,528	-
Class of 2022	270	397	560	107
Class of 2023	1,333	1,385	2,334	384
Class of 2024	581	496	53	1,024
Class of 2025	-	1,365	10	1,355
May Mentoring Activity	814	13,559	13,560	813
Larry Beecher NAHS	2,050	-	-	2,050
Total	\$ 109,604	274,441	243,106	140,939

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Net Position Beginning of Year	Additions	Deductions	Net Position End of Year
Bateman Music Scholarship	\$ 8,656	13	-	8,669
Dreyer Family Memorial Scholarship	2,807	4	-	2,811
Gale Pickard Scholarship	2,044	3	-	2,047
I&C Wilson Scholarship	184,748	275	1,500	183,523
Muriel Keenan Scholarship	13,470	20	500	12,990
Sondag Roscoe Scholarship	1,154	2	-	1,156
Bob Folden Scholarship	1,227	2	250	979
Ingrim Scholarship	147,121	217	2,500	144,838
Elizabeth Obrien Scholarship	412	1	-	413
Penwell Scholarship	17,695	27	-	17,722
Clifford Richards Scholarship	3	-	-	3
Helen Limbacher Scholarship	1	-	-	1
Clark Campbell Scholarship	2,057	3	-	2,060
Monty B Pitner Scholarship	1,577	2	-	1,579
Misc Scholarships	80	-	-	80
Total	<u>\$ 383,052</u>	<u>569</u>	<u>4,750</u>	<u>378,871</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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Local sources:										
Local tax	\$ 5,255,559	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
Tuition	637,702	560,525	549,157	592,260	441,742	423,058	634,694	491,267	435,121	514,597
Other	631,582	541,606	516,058	600,098	610,645	593,628	508,693	474,023	429,317	446,933
Intermediate sources	-	-	-	7,000	-	-	-	-	-	-
State sources	8,675,963	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
Federal sources	2,469,147	910,933	404,043	466,725	424,249	465,410	395,748	409,319	355,613	465,132
Total	\$ 17,669,953	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
Expenditures:										
Instruction:										
Regular	\$ 5,946,336	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
Special	1,873,552	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
Other	1,594,514	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
Support services:										
Student	863,644	534,055	511,248	425,235	422,452	363,593	353,303	349,503	373,958	354,308
Instructional staff	1,924,799	1,298,799	922,622	989,557	1,091,860	1,029,451	589,467	630,338	534,229	856,873
Administration	1,485,289	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
Operation and maintenance of plant	1,906,544	1,570,867	1,228,727	1,247,184	1,104,172	1,003,107	965,057	954,861	925,370	876,727
Transportation	477,310	585,944	698,115	708,828	668,687	483,465	517,279	443,484	383,486	475,205
Non-instructional programs	-	-	-	25,408	36,560	-	2,309	27,070	-	-
Capital outlay	454,164	2,755,310	3,983,649	863,969	390,319	572,161	320,292	251,088	446,976	822,033
Long-term debt:										
Principal	768,587	740,000	772,000	965,000	945,000	920,000	1,361,925	843,323	4,343,324	608,324
Interest	173,015	187,901	155,662	102,460	121,814	76,791	141,827	252,061	361,021	361,697
Other expenditures:										
AEA flowthrough	481,702	484,332	469,237	470,419	467,767	462,930	404,838	399,820	392,820	381,094
Total	\$ 17,949,456	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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY 22	\$ 194,811
National School Lunch Program	10.555	FY 22	665,844 *
Total - National School Lunch Program			<u>665,844</u>
Summer Food Service Program for Children	10.559	FY 22	76,279
Total - Child Nutrition Cluster			<u>936,934</u>
Team Nutrition Grant	10.574	FY 22	2,889
EBT Admin Costs	10.649	FY 22	614
Total U.S. Department of Agriculture			<u>940,437</u>
U.S. Department of Education:			
Passed Through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 22	265,890
Supporting Effective Instruction State Grants	84.367	FY 22	40,387
Student Support and Academic Enrichment Program	84.424	FY 22	10,025
Education Stabilization Fund:			
ESSER ARP - Homeless Children	84.425W	FY 22	1,481
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	FY 22	787
COVID-19 Elementary and Secondary School Relief (ESSER) Fund	84.425D	FY 22	633,035
American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	FY 22	1,416,973
Total - Education Stabilization Fund			<u>2,052,276</u>
Passed Through Green Hills Area Education Agency:			
Special Education Grants to States	84.027	FY 22	50,414
COVID-19, American Rescue Plan - Special Education Grants to States	84.027X	FY 22	7,778
Total - Education Stabilization Fund			<u>58,192</u>
Career and Technical Education - Basic Grants to States	84.048	FY 22	10,550
Total U.S. Department of Education			<u>2,437,320</u>
U.S. Department of Health and Human Services:			
Passed through Iowa Department of Education:			
Foster Care Reimbursement	93.658	FY 22	248
Total			<u>\$ 3,378,005</u>

* - Includes \$55,517 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, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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 did not elect to use a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

To the Board of Education of Shenandoah Community School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Shenandoah Community School District as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 22, 2023.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a material weakness.

Report on 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 which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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

Shenandoah Community School District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedure on Shenandoah Community School District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Shenandoah Community School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of 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.

September 22, 2023
Newton, Iowa

NOLTE, CORNMAN & JOHNSON P.C.
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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

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002 to be a material weakness.

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

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

September 22, 2023
Newton, Iowa

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

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) 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, 2022

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

2022-001 Segregation of Duties

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

Condition - 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 process for segregation of duties in the financial and cash management areas. Each month there are several reports detailing the expenditures and revenues for the district. Also, the district has implemented a cashless process for gate admissions at activities, which has significantly reduced the amount of cash handling.

Conclusion – Response accepted.

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

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

Assistance Listing Number 10.553: School Breakfast Program
Assistance Listing Number 10.555: National School Lunch Program and
Assistance Listing Number 10.559: Summer Food Service Program for Children
Pass-Through Entity Identifying Number: FY22
Federal Award Year: 2022
Prior Year Finding Number: 2021-001
U.S. Department of Agriculture
Passed through the Iowa Department of Education

Assistance Listing Number 84.425C: COVID-19 Governor's Emergency Education Relief
(GEER) Fund
Assistance Listing Number 84.425D: COVID-19 Elementary and Secondary School Relief
(ESSER) Funds
Assistance Listing Number 84.425U: American Rescue Plan – Elementary and Secondary
School Emergency Relief
Assistance Listing Number 84.425W: ESSER ARP – Homeless Children
Pass-Through Entity Identifying Number: FY22
Federal Award Year: 2022
Prior Year Finding Number: 2021-001
U.S. Department of Education
Passed through the Iowa Department of Education

2022-002 Segregation of Duties

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 2022-001.

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

Part IV: Other Findings Related to Required Statutory Reporting:

2022-A Certified Budget - Expenditures for the year ended June 30, 2022 did not exceed the amended certified budgeted amounts.

2022-B Questionable Disbursements - We noted no instances of the District that would not appear to meet public purpose as defined in an Attorney General's opinion dated April 25, 1979.

2022-C Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

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

Name, Title and Business Connection	Transaction Description	Amount
Aaron Burdorf, Administrator Wife own JKay Photo and Design	Services/Supplies	\$789

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.

2022-E Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

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

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

2022-H Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

2022-I Supplementary Weighting - No variances in the supplementary weighting certified to the Iowa Department of Education were noted.

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

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

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

2022-M Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2022, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 1,322,197
Revenues:		
Sales tax revenues	\$ 1,229,812	
Other local revenues	<u>4,807</u>	<u>1,234,619</u>
Expenditures/transfers out:		
School infrastructure construction	326,015	
Other	500	
Transfers to other funds:		
Debt service fund	<u>924,661</u>	<u>1,251,176</u>
Ending balance		<u>\$ 1,305,640</u>

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

2022-N Inactive Student Activity Accounts - During our audit we noted two accounts within the Student Activity Fund which had balances at year end, but no activity (revenues or expenses) in the past three years. The accounts include the Boys Golf, and MS FCCLA.

Recommendation - The District should review the Boys Golf, and MS FCCLA 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 all of the activity accounts and recommend closure of accounts with no activity in the past 3 years be closed or combined with another account.

Conclusion - Response accepted.