

**This guide is provided in accordance with Chapter 11.6(7) of the Code of Iowa. Use of this guide in your practice requires a proper implementation of professional standards. This guide is not a substitute for an understanding of the applicable professional standards. While this guide has been reviewed internally by CPAs within the Auditor of State's Office and is subject to outside peer review every three years, the guide has not undergone an external Quality Control Material Review or Examination.**

**SAMPLE COMMUNITY SCHOOL DISTRICT**

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

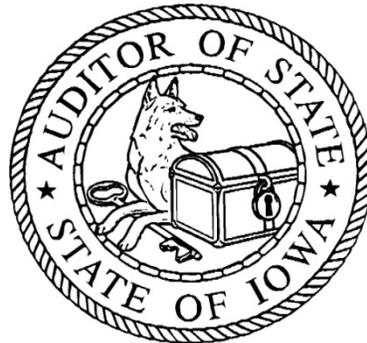
**JUNE 30, 2022**

==== Office of =====

**AUDITOR  
OF STATE**

State Capitol Building • Des Moines, Iowa

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**Rob Sand**  
**Auditor of State**





**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Practitioners:

This sample report is presented by the Office of Auditor of State as required by Chapter 11.6 of the Code of Iowa. In developing this report, we have made every effort to ensure the highest professional standards have been followed while attempting to provide meaningful and useful information to the citizens, our ultimate client.

Audits of governmental subdivisions should be performed in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and, if applicable, Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

This sample report has been prepared in conformity with U.S. generally accepted accounting principles and conforms to guidelines provided in Governmental Accounting and Financial Reporting Standards published by the Governmental Accounting Standards Board.

The format shows the basic financial statements, required and supplementary information and the Schedule of Findings and Questioned Costs which are necessary to meet the requirements of this Office. The detail presented in the financial statements and supplementary information is the minimum breakdown that will be acceptable subject, of course, to materiality considerations. If the auditor and the District feel more detail is necessary to provide a fair presentation, this of course will be welcome. A sample such as this cannot present all situations which you may encounter, so the auditor's professional judgment must be used in determining the additional information to be shown as well as the footnotes to be presented.

Districts with \$750,000 or more of federal expenditures are required to receive a Single Audit in accordance with the Uniform Guidance. Any questions concerning single audit requirements should be directed to the District's cognizant or oversight agency, which is generally:

Office of Inspector General  
United States Department of Education  
8930 Ward Parkway, Suite 2401  
Kansas City, MO 64114-3302  
(816) 268-0500

Iowa Department of Education  
Division of School Finance and Support Services  
Grimes Building  
400 East 14<sup>th</sup> Street  
Des Moines, IA 50319-0146  
(515) 281-5293

In accordance with the Uniform Guidance, the reporting package and Data Collection Form shall be submitted to the central clearinghouse the earlier of 30 days after issuance of the audit report or 9 months after the reporting period. The Office of Management and Budget has designated the United States Department of Commerce, Bureau of the Census as the Single Audit Clearinghouse. The Data Collection Form and reporting package must be submitted using the Clearinghouse's Internet Data Entry System at <https://harvester.census.gov/facweb/>. The system requires the reporting package be uploaded in a single PDF file. Both the auditee and auditor contacts receive automated e-mails from the Federal Audit Clearinghouse as verification of the submission.

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Under Rule 15c2-12 of the Securities and Exchange Commission governing ongoing disclosure by municipalities to the bond markets, virtually any municipality which issues more than one million dollars of securities per issue is subject to an ongoing filing responsibility. All continuing disclosure submissions must be provided to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. In addition, submissions must be in an electronic format (text-searchable PDF), i.e., not scanned.

The findings on compliance, items 2022-A through 2022-M and 2022-Q (if applicable), detail those items which are to be included regardless of whether there are any instances of noncompliance or not. Any instances of noncompliance in other areas should also be reported. In accordance with Chapter 11.6(1)(a) of the Code of Iowa, the audit of the District is required to include an audit of certified enrollment, supplementary weighting and the District's Certified Annual Report. Any variances noted in the certified enrollment are required to be emailed to [John.Parker@iowa.gov](mailto:John.Parker@iowa.gov) with the Iowa Department of Management and [Margaret.Hanson@iowa.gov](mailto:Margaret.Hanson@iowa.gov) with the Iowa Department of Education.

We have also included a page for listing the staff actually performing the audit. Although we have found this page to be helpful, you are not required to use it.

As required by Chapter 11.14 of the Code of Iowa, the news media are to be notified of the issuance of the audit report by the CPA firm, unless the firm has made other arrangements with the District for the notification. We have developed a standard news release to be used for this purpose. The news release (paper copy or electronic format) should be completed by the CPA firm or the District and submitted to this Office with a **text-searchable** electronic copy of the audit report sent by the CPA firm. Report filing requirements are detailed on the attached listing. We will make the audit report and news release available to the news media in this Office.

In accordance with Chapter 11.6(7) of the Code of Iowa, this Office is to be notified immediately regarding any suspected embezzlement, theft or other significant financial irregularities.

Finally, I would like to express my appreciation to all CPA firms who are providing audit or other services to local governments. Together, we are able to provide a significant benefit to all taxpayers in the state.

A handwritten signature in black ink, appearing to read "Rob Sand". The signature is stylized and cursive.

Rob Sand  
Auditor of State

**Office of Auditor of State**

**Report Filing Requirements**

**Report** – The District or CPA firm is required to submit an electronic, **text-searchable**, PDF copy of the audit report, including the management letter(s) if issued separately, with this Office upon release to the District within nine months following the end of the fiscal year subject to audit. Text-searchable files are required for the following reasons:

- The files created are much smaller in size than scanned-image files. Accordingly, text-searchable files require less storage space.
- Text-searchable files are required by the Census bureau when submitting Data Collection Forms and Single Audit reporting packages (i.e., consistent with Federal requirements).
- Text-searchable files provide transparency to the public.

**Per Diem Audit Billing & News Release** – A copy of the CPA firm's per diem audit billing, including total cost and hours, and a copy of the news release or media notification should also be submitted. These items can be submitted as either paper copies or electronic copies.

**Filing Fee** – The filing fee should be submitted based on the following designated budget strata:

Budgeted Expenditures in Millions of Dollars	Filing Fee Amount
Under 1	\$ 100
At least 1 but less than 3	175
At least 3 but less than 5	250
At least 5 but less than 10	425
At least 10 but less than 25	625
25 and over	850

**Submission** – Electronic submission (text-searchable PDF) of the audit report, per diem audit billing and news release should be e-mailed to [SubmitReports@AOS.iowa.gov](mailto:SubmitReports@AOS.iowa.gov).

If you are unable to e-mail the PDF files, you may mail a CD containing the files to this Office. You may direct any questions about submitting electronic files to the above e-mail address.

An electronic (PDF format) copy of the audit report, including the management letter(s) if issued separately, should also be filed with the Iowa Department of Education. Each report should be emailed to [ED.Audit@iowa.gov](mailto:ED.Audit@iowa.gov). For more information, call (515) 281-5293.

Paper copies (if not submitted electronically) of the per diem audit billing and news release, as well as the filing fee, should be sent to the following address:

Office of Auditor of State  
State Capitol Building  
Room 111  
1007 East Grand Avenue  
Des Moines, IA 50319-0001

**Early Childhood Iowa Area Board** – For Districts which act as a fiscal agent for an Early Childhood Iowa Area Board and have additional audit procedures performed for the Area Board as a part of the District's audit, an electronic, text-searchable, PDF copy of the audit report, including the management letter(s) if issued separately, should be emailed to [Shanell.Wagler@iowa.gov](mailto:Shanell.Wagler@iowa.gov) or [Amanda.Winslow@iowa.gov](mailto:Amanda.Winslow@iowa.gov) with the Iowa Department of Management.

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### Additional Notes

- A. Implemented GASB (GASBS) No. 87, Leases. The following changes have been made to the Sample Report:
- Revised the Independent Auditor’s Report to include an emphasis of a matter paragraph to address adoption of new accounting guidance related to GASBS No. 87.
  - Revised language to Note 1 adding intangible asset descriptions for Capital Assets and Leases.
  - Revised Long-Term Liabilities note to include leases.
  - Added a note disclosure (Note 15) for the restatement of the beginning Governmental Activities Net Position.
- B. Audit of certified enrollment, supplementary weighting and the District Certified Annual Report– variances need to be reported by email and not mailed. Email addresses are provided in additional note 5.

### Additional Notes

1. GASB Statement No. 72, Fair Value Measurement and Application, is not reflected in this sample report because the only investments included are through an external investment pool. The requirements of GASB Statement No. 72 should be followed when applicable.
2. If the District has deposits in credit unions at June 30, 2022, Note 2 should be modified to indicate whether the deposits were covered by federal depository insurance, collateralized with securities or letters of credit held by the District or the District’s agent in the District’s name or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.
3. Districts are to submit the Certified Annual Report (CAR) to the Iowa Department of Education (DE) through an upload to the DE website. In order to properly certify the CAR to the DE, the District’s CAR must be free of errors as determined by the DE’s edit checks.

The DE does not accept amendments to the CAR. Material errors noted during the audit should be reviewed with the District and amended by the District through the “upward and downward auditor’s adjustments” to the beginning balance on the subsequent year CAR.

Districts must certify the fiscal 2022 CAR to the DE by September 15, 2022. If the District does not properly certify the CAR by the deadline, comment 2022-K in the Schedule of Findings and Questioned Costs should be modified, as follows:

Certified Annual Report – The Certified Annual Report was not properly certified to the Iowa Department of Education by September 15, 2022.

Recommendation – In the future, the District should ensure the Certified Annual Report is certified timely to the Iowa Department of Education.

Response –

Conclusion –

4. Confirmations from the Iowa Department of Education will be available electronically through the web. Also, all correspondence to auditors from the Iowa Department of Education will be done by e-mail. Please send e-mail addresses or updates to [kassandra.cline@iowa.gov](mailto:kassandra.cline@iowa.gov).
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### **Additional Notes (Continued)**

5. Chapter 11.6(1)(a) of the Code of Iowa requires the audit of a school district to include an audit of the certified enrollment and supplementary weighting. Procedures to test enrollment and supplementary weighting are included in the Community School District Compliance Guide.

The auditor is required to include comments on certified enrollment and supplementary weighting in the Schedule of Findings and Questioned Costs regardless of whether there are any variances or not. See findings 2022-H and 2022-I.

Variances in the certified enrollment and the supporting documentation are to be emailed to the Iowa Department of Management ([John.Parker@iowa.gov](mailto:John.Parker@iowa.gov)) at the time the audit report is issued, but no later than March 31. If the deadline for filing the audit report cannot be met and the Auditor of State grants an extension for the filing of the audit report, the extension does not extend the deadline for filing adjustments to certified enrollment. Supporting documentation to be provided includes the student's name and student I.D. number rather than an aggregated line total. However, this identifying information should not be included in the audit report comments. The auditor should discuss any findings with the District prior to reporting the variances. An email to the Department of Management is not necessary if no variances are noted. An email should also be sent to the Iowa Department of Education ([Margaret.Hanson@iowa.gov](mailto:Margaret.Hanson@iowa.gov)).

Following is an example of the required reporting.

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**Additional Notes (Continued)**

**SAMPLE LETTER TO THE DEPARTMENT OF MANAGEMENT  
ON CERTIFIED ENROLLMENT**

(Date)

John Parker  
Iowa Department of Management  
[John.Parker@iowa.gov](mailto:John.Parker@iowa.gov)

In connection with our audit of the \_\_\_\_\_ Community School District, we examined documentation by the District to support the enrollment certified to the Department of Education for October 2021. For supplementary weighting variances, documentation is attached. The following enrollment variances were noted:

Certified Enrollment – 1 Decimal

Student Name	Grade	Certified Audited		Variance	Reason/Remarks
		Number	Number		
Luke Walker	6	0.0	1.0	1.0	Missed Resident
Leia Wilkins	5	0.0	1.0	1.0	Missed Resident
				<u>2.0</u>	

English Language Learner – 2 Decimal

Student Name	Grade	Certified	Audited	Variance	Reason/Remarks
		Number	Number		
John Cosmos	2	0.22	0.00	<u>-0.22</u>	Exited ELL Prior to Count Date

Supplementary Weight – 3 Decimal

Course Number	Course Name	CCN	Section	Adjustment	Reason/Remarks
24241	Emerging Technology	BBA123	1	-0.123	Used in CTE Program
13214	Web Programming	CIS222	1	-0.196	Used in CTE Program
				<u>-0.319</u>	

Sincerely,

(CPA Signature)

cc: Margaret Hanson  
Iowa Department of Education  
[Margaret.Hanson@iowa.gov](mailto:Margaret.Hanson@iowa.gov)

## **Additional Notes (Continued)**

6. Also attached are a sample Corrective Action Plan for Audit Findings (See **Sample A**) and a sample Summary Schedule of Prior Audit Findings (See **Sample B**). These are provided for illustrative purposes only and are not intended to match the findings shown in the sample entity nor are they required to be filed with this Office.
7. Following is an example footnote for an early retirement or other benefit plan or policy which meets the definition of a “termination benefit” as defined by GASB Statement No. 47.

### **Sample Note – Termination Benefits**

In September 2021, the District approved a voluntary early retirement plan for employees. The plan was only offered to employees for one year. Eligible employees must have completed at least fifteen years of full-time service to the District and must have reached the age of fifty-five on or before June 30, 2022. The application for early retirement was subject to approval by the Board of Education.

Early retirement benefits equal 60% of the employee’s regular contractual salary in effect during the employee’s last year of employment, with a maximum retirement benefit of \$30,000.

The policy requires early retirement benefits be paid in three equal annual installments beginning July 1, 2022.

At June 30, 2022, the District has obligations to eleven participants with a total liability of \$171,285. Actual early retirement expenditures for the year ended June 30, 2022 totaled \$85,642.

8. Categorical funding – Chapter 11.6 of the Code of Iowa requires categorical funding be covered during the annual audit. Specifically:

“The audit of school offices shall include at a minimum a determination that the laws of the state are being followed, that categorical funding is not used to supplant other funding except as otherwise provided, that supplementary weighting is pursuant to an eligible sharing condition, and that postsecondary courses provided in accordance with section 257.11 and chapter 261E supplement, rather than supplant, school district courses.”

As a result, procedures to test categorical funding are included in the Community School District Compliance Guide.

The auditor is required to include a statutory comment on categorical funding in the Schedule of Findings and Questioned Costs regardless of whether there are any instances of noncompliance or not.

The following, in addition to item 2022-L included in the Schedule of Findings and Questioned Costs of this sample report, are examples of audit report comments which may be appropriate to report findings regarding categorical funding.

### **No findings noted:**

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

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## Additional Notes (Continued)

### Noncompliance noted:

Categorical Funding – Except as noted, no instances of categorical funding being used to supplant rather than supplement other funds were noted. The District charged \$1,625 for student transportation to the Gifted and Talented program. Student transportation is not an allowable cost of this program pursuant to Chapter 257 of the Code of Iowa and Iowa Department of Education administrative rules.

Recommendation – The District should contact the Iowa Department of Education regarding corrective action required. In the future, the District should not allocate student transportation costs to the Gifted and Talented program. The questioned costs of \$1,625 should be deducted from the unassigned fund balance and reported as restricted fund balance.

Response –

Conclusion –

9. Statewide sales, services and use tax – Chapter 423F.5 of the Code of Iowa requires reporting certain elements pertaining to statewide sales, services and use tax in the annual financial audit, including an accounting of the amount of moneys received and spent for infrastructure purposes pursuant to Chapters 423E or 423F of the Code of Iowa. The accounting should include the statewide sales, services and use tax and the balance of the local option sales and services tax received prior to the enactment of the statewide tax, if any. The required reporting elements are included in item 2022-M in the Schedule of Findings and Questioned Costs of this sample report.
10. The Early Childhood Iowa Initiative is established by Chapter 256I of the Code of Iowa. Chapter 256I.5 requires the Department of Management and the Early Childhood Iowa State Board to establish reporting and other requirements to address the financial activities of Area Boards and audit requirements of fiscal agents for Area Boards.

If a District and Area Board choose to have procedures performed as part of its fiscal agent's audit, the procedures to be performed are included in a separate section of the Sample Entity audit program titled "Early Childhood Iowa Area Board".

The Sample Community School District report illustrates an example of the reporting requirements if the District acts as the fiscal agent for an Area Board and the audit procedures are performed as part of the District's audit. The required disclosure of the financial data of the Area Board is included in Note 13 to the financial statements.

The auditor is also required to include a statutory comment on the Early Childhood Iowa Area Board regardless of whether there are any instances of noncompliance or not. This statutory comment is included as item 2022-Q in the Schedule of Findings and Questioned Costs of the Sample Community School District report. The following is an example statutory comment if no instances of noncompliance are noted:

**Early Childhood Iowa Area Board** – Sample Community School District is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the District's financial statements as a Custodial Fund because of the District's fiduciary relationship with the organization.

No instances of noncompliance were noted as a result of the audit procedures performed.

The Sample Community School District report also includes an internal control deficiency for the Early Childhood Iowa Area Board, which is reported as item 2022-004 in the Schedule of Findings and Questioned Costs.

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**Additional Notes (Continued)**

11. Following is an example for a supplemental pension plan in accordance with GASB Statement No.73. This note would be combined with the IPERS note and a combining schedule of the two pension plans would be necessary. Additional Required Supplemental Information and Notes are illustrated. Additionally, per Codification of Governmental Accounting and Financial Reporting Standards, (GASB Codification) Section P22.708-1 (GASB Statement No. 73 and GASB Implementation Guide 2017-1), “for a pension liability..., there is no pension plan fiduciary net position, therefore, the amount “due” within one year would be the full amount of benefit payments expected to be paid within one year.” Be sure to break up the total pension liability between due within one year and longer.

**Pension Plans**

	IPERS	Supplemental Pension	Total
Pension liability	\$ 7,670,628	1,066,611	8,737,239
Deferred outflows of resources related to pensions	2,287,163	-	2,287,163
Deferred inflows of resources related to pensions	107,331	-	107,331
Pension expense	941,780	63,362	1,005,142

**Iowa Public Employees Retirement System**

Disclosure information for IPERS should be inserted here.

**Supplemental Pension Plan**

Plan Description – The District administers a single-employer benefit plan which offers a supplemental pension (early retirement incentive) for all eligible employees who attain age 55 with 15 or more years of service, submit an application to the Superintendent, receive Board approval and retire by June 30 of the same year. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

Supplemental Pension Benefits – The supplemental pension benefit is defined as:

- 50% of the value of the employee’s unused accumulated sick leave using the current salary per day x 50% of accumulated sick days, not to exceed 100 days, plus,
- 5% of the current salary times years of service over 15 years.

The maximum benefit is the lesser of the calculated benefit or \$20,000.

Retired participants must be age 55 or older at retirement. At June 30, 2022, the following employees were covered by the benefit terms:

Active employees	227
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Funding Policy – Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits. The District makes the contributions from the Special Revenue, Management Levy Fund.

Total Pension Liability – The District’s total supplemental pension liability of \$1,066,611 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

## Additional Notes (Continued)

Pension Expense and Deferred outflows of Resources Related to the Supplemental Pension – For the year ended June 30, 2022, the District recognized pension expense of \$63,362. At June 30, 2022, the District reported no deferred outflows of resources related to the supplemental pension.

There were no non-employer contributing entries to the supplemental pension plan.

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

Rate of salary (effective June 30, 2022)	3.00% per annum.
Discount rate (effective June 30, 2022)	2.19% compounded annually, net of investment expense, including inflation.

Discount Rate – The discount rate used to measure the total pension liability was 2.19% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 mortality table with projected mortality improvements based on sale MP-2019 and other adjustments. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used for IPERS.

### Changes in the Total Supplemental Pension Liability

	<u>Total Pension Liability</u>
Total pension liability beginning of year	\$ 1,003,249
Changes for the year:	
Service cost	46,857
Interest on the total pension liability	33,834
Differences between expected and actual experiences in the measurement of the total pension liability	25,731
Benefit payments	<u>(43,060)</u>
Net changes	<u>63,362</u>
Total pension liability end of year	<u>\$ 1,066,611</u>

Changes of assumptions reflect a change in the discount rate from 3.66% in fiscal year 2021 to 2.19% in fiscal year 2022.

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**Additional Notes (Continued)**

Sensitivity of the Total Supplemental Pension Liability to Changes in the Discount Rate – The following presents the total supplemental pension liability of the District, as well as what the District’s total supplemental pension liability would be if it were calculated using a discount rate that is 1% lower (1.19%) or 1% higher (3.19%) than the current discount rate.

	1% Decrease (1.19%)	Discount Rate (2.19%)	1% Increase (3.19%)
Total supplemental pension liability	\$ 1,133,128	1,066,611	1,045,598

**Note: Be sure to include all years potentially from FY2017. Only represented two years due to space restrictions.**

**Schedule of Changes in the District’s  
Total Supplemental Pension Liability, Related Ratios and Notes**

**Required Supplementary Information**

	2022	2021	2019
Service cost	\$ 46,857	44,325	41,819
Interest on the total pension liability	33,834	32,487	31,114
Difference between expected and actual experience in the measurement of the total pension liability	25,731	23,654	21,577
Benefit payments	(43,060)	(42,750)	(42,440)
Net change in total supplemental pension liability	63,362	57,716	52,070
Total supplemental pension liability beginning of year	1,003,249	945,533	893,463
Total supplemental pension liability end of year	\$ 1,066,611	1,003,249	945,533
Covered payroll	\$ 9,373,000	9,127,000	8,881,000
Total supplemental pension liability as a percentage of covered payroll	11.4%	11.0%	10.6%

**Notes to Schedule of Changes in the District’s Total Supplemental Pension Liability and Related Ratios**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

*Changes of benefit terms:*

There were no significant changes in benefit terms.

*Changes of assumptions:*

Changes of 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	2.19%
Year ended June 30, 2021	2.66%
Year ended June 30, 2020	3.51%
Year ended June 30, 2019	3.50%
Year ended June 30, 2018	2.50%
Year ended June 30, 2017	2.25%

## Additional Notes (Continued)

### Sample A

Sample Community School District

Corrective Action Plan

Year ended June 30, 2021

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Comment Number	Comment Title	Corrective Action Plan	Contact Person, Title, Phone Number	Anticipated Date of Completion
2022-001	Segregation of Duties	We have reviewed procedures and plan to make the necessary changes to improve internal control.	Tom Claim, Administrator, (515) YYY-XXXX	November 2, 2022
2022-002	Financial Reporting	We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.	Joe Smith, Program Director, (515) YYY-XXXX	November 2, 2022
2022-003	Unsupported Expenditures	We will revise our procedures so documentation (e.g., invoices and time cards) is maintained to support federal expenditures. We returned the \$25,589 of questioned costs to the Iowa Economic Development Authority on October 3, 2022.	Tom Claim, Administrator, (515) YYY-XXXX	Documentation to support expenditures will be maintained effective immediately. The questioned costs were returned to the Iowa Economic Development Authority on October 3, 2021.
2022-004	Segregation of Duties over Federal Revenues	We have reviewed procedures and plan to make the necessary changes to improve internal control. Specifically, the custody, record-keeping and reconciling functions currently performed by the Deputy Treasurer will be separated and spread among the Treasurer, Deputy Treasurer and Clerk.	Julie Ledger, Treasurer, (515) YYY-XXXX	November 2, 2022
2022-005	Financial Reporting	We have implemented an independent review process which requires review by the Program Director, effective immediately. In addition, beginning with the December 2022 quarterly report, we will submit federal financial reports within the required time frame.	Joe Smith, Program Director, (515) YYY-XXXX	Review procedures have been implemented. Timely report filing will begin with the quarter ending December 2022.

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**In accordance with Uniform Guidance Section 200.511(a), the Corrective Action Plan must include findings relating to the financial statements which are required to be reported in accordance with Government Auditing Standards.**

**Additional Notes (Continued)**

**Sample B**

Sample Community School District

Summary Schedule of Prior Audit Findings

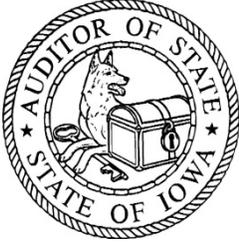
Year ended June 30, 2022

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Comment Reference	Comment Title	Status	If not corrected, provide reason for finding's recurrence and planned corrective action or other explanation
2019-001 2020-001 2021-001	Minority Business Enterprise/ Women Business Enterprise (MBE/WBE)	No longer valid; does not warrant further action.	Over two years have passed since the reporting of this audit finding. The Grantor Agency has not followed up on this finding, nor has a management decision been issued on its part.
II-A-20 2020-002 II-A-21 2021-002	Segregation of Duties over Federal Revenues	Not corrected.	Limited staff resulting from staff turnover. Plan to segregate duties for custody, recordkeeping and reconciling among staff when positions are filled.
II-B-20 II-B-21	Capital Assets	Corrective action taken.	
2021-003	Financial Reporting	Partially corrected.	Time was necessary to develop and implement review procedures.  Timely report filing will begin with the quarter ending December 2022.

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**In accordance with Uniform Guidance Section 200.511(a), the Summary Schedule of Prior Audit Findings must also include findings relating to the financial statements which are required to be reported in accordance with Government Auditing Standards.**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

NEWS RELEASE

Contact:

FOR RELEASE \_\_\_\_\_

Auditor of State Rob Sand today released an audit report on Sample Community School District in Anywere, Iowa.

**FINANCIAL HIGHLIGHTS:**

The District's revenues totaled \$\_\_\_\_\_ for the year ended June 30, 2022, a(n) \_\_\_% increase (decrease) over (from) the prior year. Expenses for the District operations for the year ended June 30, 2022 totaled \$\_\_\_\_\_, a(n) \_\_\_% increase (decrease) over (from) the prior year. The significant increase (decrease) in revenues and expenses is due primarily to \_\_\_\_\_.

**AUDIT FINDINGS:**

Sand reported nine findings related to the receipt and expenditure of taxpayer funds and two findings related to the Early Childhood Iowa Area Board (Early Childhood Board) for which the District acts as fiscal agent. They are found on pages 84 through 94 of this report. The findings address issues such as a lack of segregation of duties, material amounts of receivables, payables and capital asset additions not recorded in the District's financial statements and expenditures exceeding budgeted amounts. Sand provided the District and the Early Childhood Board with recommendations to address each of the findings.

Six of the eleven findings discussed above which relate to the District and one finding related to the Early Childhood Board are repeated from the prior year. The Community School District's Board of Education and management of the Early Childhood Board have a fiduciary responsibility to provide oversight of the Community School District's and the Early Childhood Board's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

**(NOTE to CPAs: Include significant findings, including material weaknesses, significant noncompliance and all Federal findings. Auditor judgement should be used to determine which significant deficiencies reported under Government Auditing Standards, if any, should be included.)**

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/audit-reports>.

# # #

**SAMPLE 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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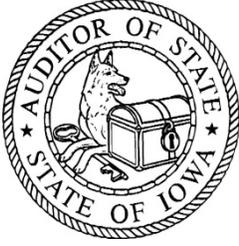
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**Sample Community School District**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Denise Schmitz	President	2023
Tom Rivers	Vice President	2025
David Riley	Board Member	2023
Douglas Staley	Board Member	2023
Debra Givens	Board Member	2025
<b>School Officials</b>		
Quentin Jones	Superintendent	Indefinite
Maxine Thorn	District Secretary/Treasurer and Business Manager	Indefinite
Jack Lawful	Attorney	Indefinite



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Independent Auditor's Report

To the Board of Education of Sample 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 Sample Community School District, Anywhere 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 Sample 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 Sample Community School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 15 to the financial statements, Sample 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 Sample 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 Sample 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 Sample Community School District's ability to continue as a going concern for a reasonable period of time.

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

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability (Asset), the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 8 through 16 and 54 through 63 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 Sample Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 7 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2022 on our consideration of Sample 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 Sample Community School District's internal control over financial reporting and compliance.

Ernest H. Ruben, Jr., CPA  
Deputy Auditor of State

October 30, 2022

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Sample 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**

- The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain assets and liability accounts related to leases, however had no effect on the beginning net position for governmental activities.
- General Fund revenues increased from \$12,206,834 in fiscal year 2021 to \$13,131,390 in fiscal year 2022, while General Fund expenditures increased from \$12,057,156 in fiscal year 2021 to \$13,228,379 in fiscal year 2022. The District's General Fund balance decreased from \$4,365,242 at the end of fiscal year 2021 to \$4,109,541 at the end of fiscal year 2022, a 5.9% decrease.
- The fiscal year 2022 General Fund revenue increase was attributable to increases in property tax and federal grant revenue. The increase in expenditures was due primarily to an increase in negotiated salaries and benefits and restricted grant expenditures. One reason the General Fund balance decreased is because the negotiated salaries and benefits were greater than the District's increase in General Fund revenue for fiscal year 2022. As a result, the District funded a portion of the current year General Fund salaries and benefits from the carryover fund balance.
- A decline in interest rates during the past three fiscal years, combined with less cash available to be invested, resulted in interest earnings in the General Fund alone decreasing from \$91,659 in fiscal year 2021 to \$79,486 in fiscal year 2022.

### **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 Sample 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 services were financed in the short term as well as what remains for future spending. Fund financial statements report Sample Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Sample 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.

## **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 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 Private-Purpose Trust and Custodial Funds, as follows:
- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
  - Custodial Funds – These are funds through which the District administers and accounts for certain federal and/or state grants 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-1 below provides a summary of the District's net position at June 30, 2022 compared to June 30, 2021.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2022	Restated 2021	2022	2021	2022	Restated 2021	2021-2022
Current and other assets	\$ 12,373	13,747	443	504	12,816	14,251	-10.1%
Capital assets	12,599	10,745	70	84	12,669	10,829	17.0
Total assets	24,972	24,492	513	588	25,485	25,080	1.6
Deferred outflows of resources	2,376	1,133	46	22	2,422	1,155	109.7
Long-term liabilities	18,503	14,211	177	168	18,680	14,379	29.9
Other liabilities	1,985	4,581	13	66	1,998	4,647	-57.0
Total liabilities	20,488	18,792	190	234	20,678	19,026	8.7
Deferred inflows of resources	4,945	5,134	12	13	4,957	5,147	-3.7
Net position:							
Net investment in capital assets	3,620	3,425	70	84	3,690	3,509	5.2
Restricted	870	595	-	-	870	595	46.2
Unrestricted	(2,575)	(2,321)	287	279	(2,288)	(2,042)	-12.0
Total net position	\$ 1,915	1,699	357	363	2,272	2,062	10.2%

The District's total net position increased 12.7%, or approximately \$216,000, over the prior year.

The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings, equipment and right-to-use leased 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 approximately \$275,000, or 46%, over the prior year. The increase was primarily a result of decreased expenditures in the Capital Projects Fund and an increase in net position restricted for the required bond reserve.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$246,000, or 12.0%. This reduction in unrestricted net position was primarily a result of the increase in the District's net pension and total OPEB liabilities.

Figure A-2 shows the changes in net position for the year ended June 30, 2022 compared to the year ended June 30, 2021.

<b>Figure A-2</b>							
<b>Changes in Net Position</b>							
<b>(Expressed in Thousands)</b>							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2022	2021	2022	2021	2022	2021	2021-2022
Revenues:							
Program revenues:							
Charges for service	\$ 1,188	1,049	410	406	1,598	1,455	9.8%
Operating grants, contributions and restricted interest	1,445	1,340	270	215	1,715	1,555	9.5
Capital grants, contributions and restricted interest	42	-	-	-	42	-	100.0
General revenues:							
Property tax	4,084	3,725	-	-	4,084	3,725	9.6
Statewide sales, services and use tax	101	-	-	-	101	-	100.0
Unrestricted state grants	7,767	7,589	-	-	7,767	7,589	2.3
Unrestricted investment earnings	262	270	2	2	264	272	-2.9
Other	46	39	-	-	46	39	17.9
<b>Total revenues</b>	<b>14,935</b>	<b>14,012</b>	<b>682</b>	<b>623</b>	<b>15,617</b>	<b>14,635</b>	<b>6.6</b>
Program expenses:							
Instruction	9,022	8,318	-	-	9,022	8,318	8.5
Support services	4,528	4,207	-	-	4,528	4,207	7.6
Non-instructional programs	53	51	688	628	741	679	9.1
Other expenses	1,116	1,003	-	-	1,116	1,003	11.3
<b>Total expenses</b>	<b>14,719</b>	<b>13,579</b>	<b>688</b>	<b>628</b>	<b>15,407</b>	<b>14,207</b>	<b>8.4</b>
Change in net position	216	433	(6)	(5)	210	428	-50.9
Net position beginning of year	1,699	1,266	363	368	2,062	1,634	26.2
Net position end of year	<b>\$ 1,915</b>	<b>1,699</b>	<b>357</b>	<b>363</b>	<b>2,272</b>	<b>2,062</b>	<b>10.2</b>

In fiscal year 2022, property tax and unrestricted state grants accounted for 79.4% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 99.7% of business type activities revenues. The District's total revenues were approximately \$15.6 million, of which approximately \$14.9 million was for governmental activities and less than \$1 million was for business type activities.

As shown in Figure A-2, the District as a whole experienced a 6.6% increase in revenues and a 8.4% increase in expenses. Property tax revenues increased approximately \$359,000 to fund the increase in expenses. The increase in expenses is primarily related to increases in negotiated salaries and benefits.

### **Governmental Activities**

Revenues for governmental activities were \$14,934,619 and expenses were \$14,718,865 for the year ended June 30, 2022. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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

**Figure A-3**  
**Total and Net Cost of Governmental Activities**  
**(Expressed in Thousands)**

	Total Cost of Services			Net Cost of Services		
	2022	2021	Change 2021-2022	2022	2021	Change 2021-2022
Instruction	\$ 9,022	8,318	8.8%	7,068	6,589	7.8%
Support services	4,528	4,207	7.6	4,457	4,121	8.2
Non-instructional programs	53	51	3.9	40	39	2.6
Other expenses	1,116	1,003	8.9	479	441	3.2
Total	\$ 14,719	13,579	8.4%	12,044	11,190	7.7%

For the year ended June 30, 2022:

- The cost financed by users of the District’s programs was \$1,187,706.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,487,090.
- The net cost of governmental activities was financed with \$4,083,455 of property and other taxes and \$7,621,412 of unrestricted state grants.

### **Business Type Activities**

Revenues for business type activities during the year ended June 30, 2022 were \$681,696, representing a 9.5% increase over the prior year, while expenses totaled \$688,669, a 9.6% increase over the prior year. The District’s business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2022, the District had an increase in the number of students receiving free or reduced-price lunches. This resulted in an increase in federal reimbursements for the student meal program.

### **INDIVIDUAL FUND ANALYSIS**

As previously noted, Sample 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 \$5,585,827, above last year’s ending fund balances of \$4,529,188. The primary reason for the increase in combined fund balances at the end of fiscal year 2022 is approximately \$1 million of unexpended bond proceeds received in fiscal year 2022.

### **Governmental Fund Highlights**

- The District’s decrease in General Fund financial position is the result of many factors. Growth during the year in tax and federal grants resulted in an increase in revenues. However, the increase in revenues was more than offset by the District’s increase in General Fund expenditures, requiring the District to use carryover fund balance to meet its financial obligations during the year.

The General Fund balance decreased from \$4,365,242 to \$4,109,541 due, in part, to the negotiated salaries and benefits and existing expenditure commitments of the District.

- The Debt Service Fund balance increased from \$36,400 at the end of fiscal year 2021 to \$40,910 at the end of fiscal year 2022. Revenues and expenditures did not vary significantly from the prior year.
- The Capital Projects Fund balance increased due to the sale of \$3,200,000 of general obligation and revenue bonds during fiscal year 2022. The Fund ended fiscal year 2021 with a deficit of \$103,971 as a result of preliminary project costs. The Fund ended fiscal year 2022 with a balance of \$1,163,606, consisting primarily of unexpended bond proceeds which will be expended as the new elementary school project is completed.

### **Proprietary Fund Highlights**

School Nutrition Fund net position decreased from \$363,481 at June 30, 2021 to \$356,508 at June 30, 2022, a decrease of approximately 1.9%. For fiscal year 2021, the District increased meal prices, resulting in an increase in revenues. Revenues increased 9.5% due to increased federal reimbursements for the student meal program.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Sample Community School District amended its budget one time to reflect additional revenues and expenditures associated with the elementary building capital project activity.

The District's total revenues were \$170,822 less than total budgeted revenues, a variance of approximately 1.1%. Even though local tax revenues increased in fiscal year 2022, a reduction in state resources caused the total amount received to be less than originally anticipated.

Total expenditures were less than budgeted, due primarily 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. Also, capital projects did not progress as anticipated, so less was spent in fiscal year 2022 than was planned.

In spite of the District's budgetary practice, expenditures in the instruction and support services functional areas exceeded the amounts budgeted and the District exceeded its General Fund unspent authorized budget due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

At June 30, 2022, the District had invested approximately \$12.6 million, net of accumulated depreciation/amortization, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment, transportation equipment and intangible assets. (See Figure A-4) This represents a net increase of 17.3% over last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation/amortization expense for the year was \$519,560.

The original cost of the District's capital assets was approximately \$16.5 million. Governmental funds account for approximately \$16.3 million, with the remainder of approximately \$0.2 million accounted for in the Enterprise, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$2,259,622 at June 30, 2022, compared to \$58,561 reported at June 30, 2021. This significant increase resulted from construction activity financed by the issuance of voter approved general obligation bonds and revenue bonds totaling \$3,200,000 in fiscal year 2022 for construction of a new elementary school.

**Figure A-4**  
**Capital Assets, net of Depreciation/Amortization**  
**(expressed in thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2021		June 30, 2021		June 30, 2021		June 30, 2021-2022
	2022 (Restated)	2021	2022	2021	2022 (Restated)	2021	2021-2022
Land	\$ 611	600	-	-	611	600	1.8%
Construction in progress	2,260	59	-	-	2,260	59	3730.5%
Buildings	5,640	5,763	-	-	5,640	5,763	-2.1%
Improvements other than buildings	2,158	2,223	-	-	2,158	2,223	-2.9%
Furniture and equipment	1,859	2,000	70	84	1,929	2,084	-7.4%
Intangibles	23	46	-	-	23	46	-50.0%
Right-to-use leased equipment	48	54	-	-	48	54	-11.1%
<b>Total</b>	<b>\$ 12,599</b>	<b>10,745</b>	<b>70</b>	<b>84</b>	<b>12,669</b>	<b>10,829</b>	<b>17.0%</b>

### Long-Term Debt

At June 30, 2022, the District had \$9,940,000 of total long-term debt outstanding. This represents an increase of 36.7% over last year. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$16 million.

In October 2021, the District's voters authorized the issuance of \$2,200,000 of general obligation bonds to pay for construction of a new elementary building. Planning for the project started in fiscal year 2021 and the bonds were sold during fiscal year 2022. In December 2021, the District issued \$1,000,000 of Statewide Sales, Services and Use Tax revenue bonds for the project. The District had total outstanding bonded indebtedness at June 30, 2022 of \$9,560,000.

The District also had outstanding School Equipment Notes of \$380,000 at June 30, 2022.

**Figure A-5**  
**Outstanding Long-Term Obligations**  
**(expressed in thousands)**

	Total District		Total Change
	June 30, 2021		June 30, 2021-2022
	2022 (Restated)	2021	2021-2022
General obligation bonds	\$ 8,560	6,695	27.9%
Revenue bonds	1,000	-	100.0%
Equipment purchase agreements	380	579	-34.4%
Lease agreements	23	46	-50.0%
<b>Total</b>	<b>\$ 9,963</b>	<b>7,320</b>	<b>36.1%</b>

## **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 which could significantly affect its financial health in the future:

- Sample County has advised the District its total taxable valuation will increase 5% for property tax collected in fiscal year 2023 due to the addition of two new industrial sites and the recent completion of property revaluation assessments.
- The District expects a slight increase in enrollment due to a new housing development in progress within the District.
- The District has evaluated the condition of its transportation vehicles and determined, due to safety precautions, three buses must be replaced during fiscal year 2023 at a cost of approximately \$180,000. To pay for these buses, the District will use a combination of resources from the General Fund and the Capital Projects Fund.
- Fiscal year 2023 will be the last year of a three-year contract with the Sample Education Teachers Association. The District will negotiate a new agreement during fiscal year 2022. Settlements in excess of "new money" or supplemental state aid will have an adverse effect on the District's General Fund budget and related fund balance.

## **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 Maxine Thorn, District Secretary/Treasurer and Business Manager, Sample Community School District, 77 Sunset Strip, Anywhere, Iowa, 50000-XXXX.

## **Basic Financial Statements**

**Sample Community School District**

## Sample Community School District

## Statement of Net Position

Year ended June 30, 2022

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 6,983,717	431,798	7,415,515
Receivables:			
Property tax:			
Delinquent	73,556	-	73,556
Succeeding year	4,850,000	-	4,850,000
Accounts	13,949	184	14,133
Accrued interest	56,057	-	56,057
Due from other governments	396,007	-	396,007
Inventories	-	10,951	10,951
Capital assets, net of accumulated depreciation/amortization	12,599,384	69,673	12,669,057
<b>Total assets</b>	<b>24,972,670</b>	<b>512,606</b>	<b>25,485,276</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	2,245,792	41,371	2,287,163
OPEB related deferred outflows	130,230	4,770	135,000
<b>Total deferred outflows of resources</b>	<b>2,376,022</b>	<b>46,141</b>	<b>2,422,163</b>
<b>Liabilities</b>			
Accounts payable	421,899	10,245	432,144
Salaries and benefits payable	1,435,373	3,144	1,438,517
Due to other governments	51,043	-	51,043
Accrued interest payable	76,920	-	76,920
Long-term liabilities:			
Portion due within one year:			
Lease agreements	23,322	-	23,322
General obligation bonds	305,000	-	305,000
Revenue bonds	110,000	-	110,000
Notes	155,000	-	155,000
Compensated absences	8,148	-	8,148
Total OPEB liability	139,680	-	139,680
Portion due after one year:			
General obligation bonds	8,255,000	-	8,255,000
Revenue bonds	890,000	-	890,000
Notes	225,000	-	225,000
Net pension liability	7,531,878	138,750	7,670,628
Total OPEB liability	860,299	38,021	898,320
<b>Total liabilities</b>	<b>20,488,562</b>	<b>190,160</b>	<b>20,678,722</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	4,850,000	-	4,850,000
Pension related deferred inflows	95,252	12,079	107,331
<b>Total deferred inflows of resources</b>	<b>4,945,252</b>	<b>12,079</b>	<b>4,957,331</b>
<b>Net Position</b>			
Net investment in capital assets	3,620,104	69,673	3,689,777
Restricted for:			
Categorical funding	376,250	-	376,250
Debt service	140,910	-	140,910
Entrepreneurial education activities	11,256	-	11,256
Management levy purposes	12,318	-	12,318
Student activities	248,214	-	248,214
Physical plant and equipment	81,453	-	81,453
Unrestricted	(2,575,627)	286,835	(2,288,792)
<b>Total net position</b>	<b>\$ 1,914,878</b>	<b>356,508</b>	<b>2,271,386</b>

See notes to financial statements.

Sample Community School District

Statement of Activities

Year ended June 30, 2022

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Instruction:				
Regular instruction	\$ 5,440,654	448,988	631,221	-
Special instruction	2,272,973	187,876	167,295	-
Other instruction	1,308,495	489,975	28,409	-
	<u>9,022,122</u>	<u>1,126,839</u>	<u>826,925</u>	<u>-</u>
Support services:				
Student	447,599	-	9,129	-
Instructional staff	483,590	-	-	-
Administration	1,806,752	-	1,500	-
Operation and maintenance of plant	1,287,634	35,298	2,470	-
Transportation	501,927	12,085	10,393	-
	<u>4,527,502</u>	<u>47,383</u>	<u>23,492</u>	<u>-</u>
Non-instructional programs				
	<u>53,314</u>	<u>13,484</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	3,112	-	-	42,072
Long-term debt interest	379,740	-	7,036	-
AEA flowthrough	587,565	-	587,565	-
Depreciation/amortization (unallocated)*	145,510	-	-	-
	<u>1,115,927</u>	<u>-</u>	<u>594,601</u>	<u>42,072</u>
Total governmental activities	<u>14,718,865</u>	<u>1,187,706</u>	<u>1,445,018</u>	<u>42,072</u>
Business type activities:				
Support services:				
Operation and maintenance of plant	10,500	-	-	-
Non-instructional programs:				
Food service operations	678,169	409,403	270,038	-
Total business type activities	<u>688,669</u>	<u>409,403</u>	<u>270,038</u>	<u>-</u>
Total	<u>\$ 15,407,534</u>	<u>1,597,109</u>	<u>1,715,056</u>	<u>42,072</u>
<b>General Revenues:</b>				
Property tax levied for:				
General purposes				
Debt service				
Capital outlay				
Statewide sales, services and use tax				
Unrestricted state grants				
American Rescue Plan Act				
Unrestricted investment earnings				
Other				
Total general revenues				
Change in net position				
Net position beginning of year				
Net position end of year				

\* This amount excludes the depreciation/amortization included in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
(4,360,445)	-	(4,360,445)
(1,917,802)	-	(1,917,802)
<u>(790,111)</u>	-	<u>(790,111)</u>
<u>(7,068,358)</u>	-	<u>(7,068,358)</u>
(438,470)	-	(438,470)
(483,590)	-	(483,590)
(1,805,252)	-	(1,805,252)
(1,249,866)	-	(1,249,866)
(479,449)	-	(479,449)
<u>(4,456,627)</u>	-	<u>(4,456,627)</u>
<u>(39,830)</u>	-	<u>(39,830)</u>
38,960	-	38,960
(372,704)	-	(372,704)
-	-	-
<u>(145,510)</u>	-	<u>(145,510)</u>
<u>(479,254)</u>	-	<u>(479,254)</u>
<u>(12,044,069)</u>	-	<u>(12,044,069)</u>
-	(10,500)	(10,500)
-	1,272	1,272
-	<u>(9,228)</u>	<u>(9,228)</u>
<u>(12,044,069)</u>	<u>(9,228)</u>	<u>(12,053,297)</u>
\$ 3,236,511	-	3,236,511
659,656	-	659,656
187,288	-	187,288
101,211	-	101,211
7,621,412	-	7,621,412
145,159	-	145,159
262,350	2,255	264,605
46,236	-	46,236
<u>12,259,823</u>	<u>2,255</u>	<u>12,262,078</u>
215,754	(6,973)	208,781
1,699,124	363,481	2,062,605
<u>\$ 1,914,878</u>	<u>356,508</u>	<u>2,271,386</u>

Sample Community School District

Balance Sheet  
Governmental Funds

June 30, 2022

	General	Debt Service	Capital Projects	Nonmajor	Total
<b>Assets</b>					
Cash, cash equivalents and pooled investments	\$ 5,171,813	33,733	1,505,509	272,662	6,983,717
Receivables:					
Property tax:					
Delinquent	53,781	13,190	3,579	3,006	73,556
Succeeding year	3,423,000	921,000	231,000	275,000	4,850,000
Accounts	12,518	-	-	1,431	13,949
Accrued interest	54,580	-	-	1,477	56,057
Due from other funds	12,313	-	-	-	12,313
Due from other governments	375,007	-	21,000	-	396,007
<b>Total assets</b>	<b>\$ 9,103,012</b>	<b>967,923</b>	<b>1,761,088</b>	<b>553,576</b>	<b>12,385,599</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 62,628	-	352,661	6,610	421,899
Salaries and benefits payable	1,435,195	-	-	178	1,435,373
Due to other governments	51,043	-	-	-	51,043
Due to other funds	-	-	12,313	-	12,313
Total liabilities	1,548,866	-	364,974	6,788	1,920,628
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,423,000	921,000	231,000	275,000	4,850,000
Other	21,605	6,013	1,508	18	29,144
Total deferred inflows of resources	3,444,605	927,013	232,508	275,018	4,879,144
Fund balances:					
Restricted for:					
Categorical funding	376,250	-	-	-	376,250
Debt service	-	40,910	100,000	-	140,910
Entrepreneurial education activities	-	-	-	11,256	11,256
Management levy purposes	-	-	-	12,300	12,300
Student activities	-	-	-	248,214	248,214
School infrastructure	-	-	1,043,661	-	1,043,661
Physical plant and equipment	-	-	19,945	-	19,945
Committed for future equipment purchases	10,000	-	-	-	10,000
Unassigned	3,723,291	-	-	-	3,723,291
Total fund balances	4,109,541	40,910	1,163,606	271,770	5,585,827
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9,103,012</b>	<b>967,923</b>	<b>1,761,088</b>	<b>553,576</b>	<b>12,385,599</b>

See notes to financial statements.

Sample 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 22)** \$ 5,585,827

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 12,599,384

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 29,144

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds. (76,920)

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	\$ 2,376,022	
Deferred inflows of resources	<u>(95,252)</u>	2,280,770

Long-term liabilities, including lease agreements payable, bonds and notes payable, equipment purchase agreements payable, compensated absences payable, total OPEB liability and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds. (18,503,327)

**Net position of governmental activities (page 19)** \$ 1,914,878

See notes to financial statements.

Sample Community School District  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2022

	General	Debt Service	Capital Projects	Nonmajor	Total
<b>Revenues:</b>					
Local sources:					
Local tax	\$ 2,957,083	661,263	190,855	274,606	4,083,807
Tuition	497,718	-	-	-	497,718
Other	456,375	7,036	50,311	502,890	1,016,612
Intermediate sources	20,837	-	-	-	20,837
State sources	8,705,749	1,424	101,622	597	8,809,392
Federal sources	493,628	-	-	-	493,628
<b>Total revenues</b>	<b>13,131,390</b>	<b>669,723</b>	<b>342,788</b>	<b>778,093</b>	<b>14,921,994</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	5,365,383	-	-	54,679	5,420,062
Special	2,225,277	-	-	6,620	2,231,897
Other	811,828	-	-	460,991	1,272,819
	8,402,488	-	-	522,290	8,924,778
Support services:					
Student	437,088	-	-	-	437,088
Instructional staff	468,960	-	-	-	468,960
Administration	1,621,570	-	2,840	209,401	1,833,811
Operation and maintenance of plant	1,218,652	-	-	6,589	1,225,241
Transportation	438,742	-	-	-	438,742
	4,185,012	-	2,840	215,990	4,403,842
Non-instructional programs					
	53,314	-	-	-	53,314
Other expenditures:					
Facilities acquisition	-	-	2,204,173	-	2,204,173
Long-term debt:					
Principal	-	534,507	-	-	534,507
Interest and fiscal charges	-	357,176	-	-	357,176
AEA flowthrough	587,565	-	-	-	587,565
	587,565	891,683	2,204,173	-	3,683,421
<b>Total expenditures</b>	<b>13,228,379</b>	<b>891,683</b>	<b>2,207,013</b>	<b>738,280</b>	<b>17,065,355</b>
Excess (deficiency) of revenues over (under) expenditures	(96,989)	(221,960)	(1,864,225)	39,813	(2,143,361)
Other financing sources (uses):					
General obligation bonds issued	-	-	2,200,000	-	2,200,000
Revenue bonds issued	-	-	1,000,000	-	1,000,000
Transfers in	-	226,470	-	440	226,910
Transfers out	(158,712)	-	(68,198)	-	(226,910)
<b>Total other financing sources (uses)</b>	<b>(158,712)</b>	<b>226,470</b>	<b>3,131,802</b>	<b>440</b>	<b>3,200,000</b>
Change in fund balances	(255,701)	4,510	1,267,577	40,253	1,056,639
Fund balances beginning of year	4,365,242	36,400	(103,971)	231,517	4,529,188
<b>Fund balances end of year</b>	<b>\$ 4,109,541</b>	<b>40,910</b>	<b>1,163,606</b>	<b>271,770</b>	<b>5,585,827</b>

See notes to financial statements.

Sample 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 24)** \$ 1,056,639

**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. These costs are not reported in the Statement of Activities, but they are allocated over the estimated useful lives of the capital assets as depreciation/amortization expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation/amortization expense in the current year, as follows:

Expenditures for capital assets	\$ 2,374,305	
Depreciation/amortization expense	<u>(519,560)</u>	1,854,745

Because some revenues will not be collected for several months after the year end, they are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds, as follows:

Property tax	(352)	
Other	<u>12,977</u>	12,625

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

Issued	(3,200,000)	
Repaid	<u>557,068</u>	(2,642,932)

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

(21,295)

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.

821,444

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

Compensated absences	88,950	
Pension expense	(924,754)	
OPEB expense	<u>(29,668)</u>	<u>(865,472)</u>

**Change in net position of governmental activities (page 21)** **\$ 215,754**

See notes to financial statements.

Sample Community School District

Statement of Net Position  
Proprietary Fund

June 30, 2022

	<u>Enterprise - School Nutrition</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 431,798
Accounts receivable	184
Inventories	<u>10,951</u>
Total current assets	442,933
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>69,673</u>
<b>Total assets</b>	<u>512,606</u>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	41,371
OPEB related deferred outflows	<u>4,770</u>
<b>Total deferred outflows of resources</b>	<u>46,141</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	10,245
Salaries and benefits payable	<u>3,144</u>
Total current liabilities	<u>13,389</u>
Noncurrent liabilities:	
Net pension liability	138,750
Total OPEB liability	<u>38,021</u>
Total noncurrent liabilities	<u>176,771</u>
<b>Total liabilities</b>	<u>190,160</u>
<b>Deferred Inflows of Resources</b>	
Pension related deferred inflows	<u>12,079</u>
<b>Net Position</b>	
Net investment in capital assets	69,673
Unrestricted	<u>286,835</u>
<b>Total net position</b>	<u>\$ 356,508</u>

See notes to financial statements.

Sample Community School District

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

Year ended June 30, 2022

	<u>Enterprise - School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 409,403
Operating expenses:	
Support services:	
Operation and maintenance of plant	<u>10,500</u>
Non-instructional programs:	
Food service operations:	
Salaries	148,145
Benefits	69,363
Purchased services	73,758
Supplies	371,842
Depreciation	<u>15,061</u>
	<u>678,169</u>
Total operating expenses	<u>688,669</u>
Operating loss	<u>(279,266)</u>
Non-operating revenues:	
State sources	7,989
Federal sources	262,049
Interest income	<u>2,255</u>
Total non-operating revenues	<u>272,293</u>
Decrease in net position	(6,973)
Net position beginning of year	<u>363,481</u>
Net position end of year	<u>\$ 356,508</u>

See notes to financial statements.

Sample Community School District

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2022

	Enterprise - School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 462,317
Cash paid to employees for services	(159,876)
Cash paid to suppliers for goods or services	(530,738)
Net cash used by operating activities	(228,297)
Cash flows from non-capital financing activities:	
State grants received	7,989
Federal grants received	195,324
Net cash provided by non-capital financing activities	203,313
Cash flows from capital and related financing activities:	
Sale of capital assets	1,200
Acquisition of capital assets	(1,565)
Net cash used by capital and related financing activities	(365)
Cash flows from investing activities:	
Interest on investments	2,255
Net decrease in cash and cash equivalents	(23,094)
Cash and cash equivalents beginning of year	454,892
Cash and cash equivalents end of year	\$ 431,798
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (279,266)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	28,500
Depreciation	15,061
Change in assets and liabilities:	
Inventories	1,055
Accounts receivable	1,859
Due from other governments	50,000
Accounts payable	(1,472)
Salaries and benefits payable	(512)
Due to other governments	(50,295)
Net pension liability	1,380
Deferred outflows of resources	98
Deferred inflows of resources	(1,736)
Increase in OPEB liability	7,031
Net cash used by operating activities	\$ (228,297)

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

During the year ended June 30, 2021, the District received \$28,500 of federal commodities.

See notes to financial statements.

Sample Community School District

Statement of Fiduciary Net Position  
Fiduciary Funds

June 30, 2022

	Private Purpose Trust	
	Scholarship	Custodial
<b>Assets</b>		
Cash, cash equivalents and pooled investments	\$ 36,109	32,913
Accrued interest receivable	167	-
<b>Total assets</b>	<b>36,276</b>	<b>32,913</b>
<b>Net position</b>		
Restricted for scholarships	36,276	-
Restricted for other organizations	-	32,913
<b>Total net position</b>	<b>\$ 36,276</b>	<b>32,913</b>

See notes to financial statements.

**Sample Community School District**

Sample Community School District  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds

Year ended June 30, 2022

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Custodial</u>
Additions:		
Local sources:		
Gifts and contributions	\$ 1,250	8,337
Interest income	2,198	3,708
Miscellaneous	-	5,875
Total additions	<u>3,448</u>	<u>17,920</u>
Deductions:		
Scholarships awarded	3,350	-
Administrative	-	20,824
Merchandise	-	13,537
Total deductions	<u>3,350</u>	<u>34,361</u>
Change in net position	98	(16,441)
Net position beginning of year	<u>36,178</u>	<u>49,354</u>
Net position end of year	<u>\$ 36,276</u>	<u>32,913</u>

See notes to financial statements.

Sample Community School District

Notes to Financial Statements

June 30, 2022

**(1) Summary of Significant Accounting Policies**

Sample 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. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and technical and recreational courses. The geographic area served includes the City of Anywhere, Iowa and the predominate agricultural territory in Sample County. 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, Sample 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 Organization – 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 Sample County Assessor's Conference Board.

B. Basis of Presentation

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

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

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

The District 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, private organizations and other governments.

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 Balance/Net Position

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

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

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

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, furniture 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 repair 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.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Intangibles	50,000
Right-to-use leased assets	5,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

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:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50
Improvements other than buildings	20 - 50
Intangibles	5 - 10
Right-to-use leased assets	2 - 15
Furniture and equipment	5 - 15

Leases – District as Lessee: Sample 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 asset (lease asset) in the government-wide financial statements. The District recognizes 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 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 Sample Community School District determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Sample 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 and a purchase option price that the District is 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.

**District as Lessor (Include if District leases any property – none reported in this sample):** Sample Community School County is a lessor for a noncancellable lease of District buildings. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Sample Community School District determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Sample Community School District uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

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 are payable in July and August, have been accrued as liabilities.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed 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.

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the Sample 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 and business-type activities will be paid primarily by the General Fund and the Enterprise, School Nutrition Fund.

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

the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

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

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

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

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022, expenditures exceeded the amounts budgeted in the instruction and support services functions and the District exceeded its General Fund unspent authorized budget.

**(2) Cash, Cash Equivalents 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.

At June 30, 2022, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$908,824. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

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

The detail of interfund receivables and payables at June 30, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
General	Capital Projects	<u>\$ 12,313</u>

The Capital Projects Fund is repaying the General Fund for property tax incorrectly recorded in the prior year. The balance is to be repaid by June 30, 2023.

**(4) Interfund Transfers**

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

Transfer to	Transfer from	Amount
Special Revenue:		
Student Activity	General	\$ 440
Debt Service	General	158,272
	Capital Projects	<u>68,198</u>
Total		<u>\$ 226,910</u>

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

**(5) 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
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 600,250	10,800	-	611,050
Construction in progress	<u>58,561</u>	<u>2,201,061</u>	-	<u>2,259,622</u>
Total capital assets not being depreciated	<u>658,811</u>	<u>2,211,861</u>	-	<u>2,870,672</u>
Capital assets being depreciated/amortized:				
Buildings	8,316,184	-	-	8,316,184
Improvements other than buildings	2,322,793	-	-	2,322,793
Furniture and equipment	2,867,365	162,444	(336,623)	2,693,186
Intangible assets	60,000	-	-	60,000
Right-to-use leased equipment	<u>45,883</u>	-	-	<u>45,883</u>
Total capital assets being depreciated/amortized	<u>13,612,225</u>	<u>162,444</u>	<u>(336,623)</u>	<u>13,438,046</u>
Less accumulated depreciation/amortization for:				
Buildings	2,553,315	122,568	-	2,675,883
Improvements other than buildings	99,400	65,456	-	164,856
Furniture and equipment	867,682	302,594	(336,623)	833,653
Intangible assets	6,000	6,000	-	12,000
Right-to-use leased equipment	-	<u>22,942</u>	-	<u>22,942</u>
Total accumulated depreciation/amortization	<u>3,526,397</u>	<u>519,560</u>	<u>(336,623)</u>	<u>3,709,334</u>
Total capital assets being depreciated/amortized, net	<u>10,085,828</u>	<u>(357,116)</u>	-	<u>9,728,712</u>
Governmental activities capital assets, net	<u>\$ 10,744,639</u>	<u>1,854,745</u>	-	<u>12,599,384</u>
<b>Business type activities:</b>				
Furniture and equipment	\$ 197,176	1,565	(18,791)	179,950
Less accumulated depreciation	<u>112,807</u>	<u>15,061</u>	<u>(17,591)</u>	<u>110,277</u>
Business type activities capital assets, net	<u>\$ 84,369</u>	<u>(13,496)</u>	<u>(1,200)</u>	<u>69,673</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:		
Instruction:		
Regular		\$ 238,253
Special		13,473
Other		12,814
Support services:		
Instructional staff		3,049
Administration		1,577
Operation and maintenance of plant		54,004
Transportation		50,880
		<u>374,050</u>
Unallocated		<u>145,510</u>
Total depreciation/amortization expense - governmental activities		<u>\$ 519,560</u>
Business type activities:		
Food service operations		<u>\$ 15,061</u>

## (6) Long-Term Liabilities

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

	Balance Beginning of Year, as restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Lease agreements	\$ 45,883	-	22,561	23,322	23,322
General obligation bonds	6,695,000	2,200,000	335,000	8,560,000	305,000
Revenue bonds	-	1,000,000	-	1,000,000	110,000
Equipment purchase agreements - direct borrowings	579,507	-	199,507	380,000	155,000
Compensated absences	97,098	45,413	134,363	8,148	8,148
Net pension liability	5,971,538	1,560,340	-	7,531,878	-
Total OPEB liability	821,970	207,032	29,023	999,979	139,680
Total	<u>\$ 14,210,996</u>	<u>5,012,785</u>	<u>720,454</u>	<u>18,503,327</u>	<u>741,150</u>
Business type activities:					
Net pension liability	\$ 137,370	1,380	-	138,750	-
Total OPEB liability	30,990	8,177	1,146	38,021	-
Total	<u>\$ 168,360</u>	<u>9,557</u>	<u>1,146</u>	<u>176,771</u>	<u>-</u>

### Lease Agreements

On July 9, 2018, the District entered into a lease agreement for printers. An initial lease liability was recorded in the amount of \$45,883 per Accounting Change/Restatement Note 15. The agreement requires monthly payments of \$1,986 over 5 years with an implicit interest rate of 4.00% and final payment due June 1, 2023. During the year ended June 30, 2022, principal and interest paid were \$22,561 and \$1,269, respectively.

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2023	4.00%	<u>\$ 23,322</u>	508	<u>23,830</u>

## General Obligation Bonds

Details of the District's June 30, 2022 general obligation indebtedness are as follows:

Year Ending June 30,	School Refunding			Elementary School Construction, Series A		
	Issued May 1, 2015			Issued Apr 1, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	4.70%	\$ 10,000	201,680	4.20%	\$ 30,000	94,655
2024	4.80	10,000	201,210	4.20	60,000	93,425
2025	4.90	15,000	200,730	4.25	305,000	90,905
2026	5.00	5,000	199,995	4.30	320,000	77,942
2027	5.10	5,000	199,745	4.35	335,000	64,183
2028-2032	5.15-5.35	795,000	975,165	4.40-4.55	1,110,000	101,565
2033-2037	5.40-5.50	2,335,000	548,430	-	-	-
2038-2042	5.50	550,000	30,250	-	-	-
Total		\$ 3,725,000	2,557,205		\$ 2,160,000	522,675

Year Ending June 30,	Bus Garage Construction, Series B			Middle School Construction			Total		
	Issued Apr 1, 2016			Issued Oct 1, 2021					
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2023	4.10%	\$ 245,000	19,705	4.375%	\$ 20,000	115,343	305,000	431,383	736,383
2024	4.20	230,000	9,660	4.375	55,000	93,643	355,000	397,938	752,938
2025	-	-	-	4.375	60,000	91,718	380,000	383,353	763,353
2026	-	-	-	4.375	70,000	89,618	395,000	367,555	762,555
2027	-	-	-	4.375	80,000	87,168	420,000	351,096	771,096
2028-2032	-	-	-	4.500	485,000	386,331	2,390,000	1,463,061	3,853,061
2033-2037	-	-	-	4.50-4.75	635,000	271,563	2,970,000	819,993	3,789,993
2038-2042	-	-	-	4.80-5.00	795,000	113,835	1,345,000	144,085	1,489,085
Total		\$ 475,000	29,365		\$ 2,200,000	1,249,219	8,560,000	4,358,464	12,918,464

On May 1, 2015, the District issued \$3,785,000 of general obligation refunding bonds to currently refund bonds issued in fiscal year 2001. The bonds bear interest at rates ranging from 4.70% to 5.50% per annum. During the year ended June 30, 2022, principal and interest paid were \$10,000 and \$202,499, respectively.

On April 1, 2016, the District issued \$2,300,000 of general obligation, series A, bonds for construction of Wilson Elementary School. The bonds bear interest at rates ranging from 4.20% to 4.55% per annum. During the year ended June 30, 2022, principal and interest paid were \$30,000 and \$95,915, respectively.

On April 1, 2016, the District issued \$1,500,000 of general obligation, series B, bonds for the construction of a bus garage. The bonds bear interest at rates ranging from 4.10% to 4.20% per annum. During the year ended June 30, 2022, principal and interest paid were \$295,000 and \$31,800, respectively.

On October 1, 2021, the District issued \$2,200,000 in General Obligation Bonds for the construction of new middle school. The bonds bear interest at rates ranging from 4.375% to 5.0%. No principal or interest were paid during fiscal year 2022.

## 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,	Issued Dec 1, 2021			
	Interest Rates	Principal	Interest	Total
2023	4.00%	\$ 110,000	53,200	163,200
2024	4.00	110,000	35,600	145,600
2025	4.00	115,000	31,200	146,200
2026	4.00	120,000	26,600	146,600
2027	4.00	125,000	21,800	146,800
2028-2030	4.00	420,000	34,000	454,000
Total		<u>\$ 1,000,000</u>	<u>202,400</u>	<u>1,202,400</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,000,000 of bonds issued in December 2021. The bonds were issued for the purpose of financing a portion of the costs of a new school. 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 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 100% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$1,202,400. For the current year, no principal or interest was paid on the bonds and total statewide sales, services and use tax revenues were \$101,211.

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

- a) \$100,000 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District did not comply with all of the revenue bond provisions during the year ended June 30, 2022. The required reserve account was not established by the District and no transfers were made to the sinking account.

Equipment Purchase Agreements – direct borrowings

During the year ended June 30, 2020, the District issued school equipment notes to provide funds for the purchase of equipment. The notes bear interest at 5.00% to 5.75% per annum. Details of the District’s note indebtedness at June 30, 2022 are as follows:

Year Ending June 30,	Series 2020A		Series 2020B		Issued Jun 30, 2020		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2023	\$ 55,000	3,875	15,000	375	85,000	14,950	155,000	19,200	174,200
2024	50,000	1,250	-	-	85,000	10,063	135,000	11,313	146,313
2025	-	-	-	-	90,000	5,175	90,000	5,175	95,175
Total	\$ 105,000	5,125	15,000	375	260,000	30,188	380,000	35,688	415,688

During the year ended June 30, 2022, the District paid principal of \$199,507 and interest of \$26,962 on the notes.

**(7) Pension Plan**

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

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

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

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

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

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 \$836,576.

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 \$7,670,628 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 0.121885%, which was an increase of 0.002003% over its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$941,780. 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	\$ 67,793	91,546
Changes of assumptions	117,030	-
Net difference between projected and actual earnings on IPERS’ investments	1,092,822	-
Changes in proportion and differences between District contributions and the District’s proportionate share of contributions	172,942	15,785
District contributions subsequent to the measurement date	836,576	-
Total	<u>\$ 2,287,163</u>	<u>107,331</u>

\$836,576 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 Ending June 30,	Amount
2022	\$ 186,404
2023	186,404
2024	609,776
2025	355,860
2026	<u>4,812</u>
Total	<u>\$ 1,343,256</u>

There were no non-employer contributing entities to 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 geometric 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	\$ 12,410,038	7,670,628	3,670,504

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

Payables to IPERS – At June 30, 2022, the District reported payables to IPERS of \$16,088 for legally required District contributions and \$10,719 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

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

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	12
Active employees	<u>200</u>
Total	<u>212</u>

Total OPEB Liability – The District’s total OPEB liability of \$1,038,000 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 June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2022)	3.25% per annum.
Rates of salary increase (effective June 30, 2022)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2022)	2.19% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	8.00% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.19% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Public Plan 2010 tables. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 852,960
Changes for the year:	
Service cost	30,935
Interest	22,274
Differences between expected and actual experiences	152,367
Changes in assumptions	9,633
Benefit payments	<u>(30,169)</u>
Net changes	<u>185,040</u>
Total OPEB liability end of year	<u>\$ 1,038,000</u>

Changes of assumptions reflect a change in the discount rate from 2.66% in fiscal year 2021 to 2.19% in fiscal year 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 that is 1% lower (1.19%) or 1% higher (3.19%) than the current discount rate.

	1% Decrease (1.19%)	Discount Rate (2.19%)	1% Increase (3.19%)
Total OPEB liability	\$ 1,110,552	1,038,000	965,448

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.00%) or 1% higher (9.00%) than the current healthcare cost trend rates.

	1% Decrease (7.00%)	Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
Total OPEB liability	\$ 913,440	1,038,000	1,162,560

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2022, the District recognized OPEB expense of \$50,040. At June 30, 2022 the District reported deferred outflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 126,973
Changes in assumptions	<u>8,027</u>
Total	<u>\$ 135,000</u>

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

Year ending June 30,	Amount
2023	\$ 27,000
2024	27,000
2025	27,000
2026	27,000
2027	27,000
	\$ 135,000

**(9) Risk Management**

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

**(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$587,565 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.

**(11) 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

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Anywhere offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2022 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Anywhere	Urban renewal and economic development projects	\$ 25,000
	Chapter 404 tax abatement program	5,000
City of Somewhere	Urban renewal and economic development projects	15,000
Sample County	Urban renewal and economic development projects	37,000

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2022, this reimbursement amounted to \$22,350.

**(12) Construction Commitment**

The District entered into a contract totaling \$3,192,384 for the construction of a new elementary school and a remodeling project. As of June 30, 2022, costs of \$1,965,411 had been incurred against the contract. The balance of \$1,226,973 remaining at June 30, 2022 will be paid as work on the projects progress.

**(13) Early Childhood Iowa Area Board**

The District is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the District's financial statements as a Custodial Fund because of the District's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2022 is as follows:

	Early Childhood	School Ready	Total
<b>Revenues:</b>			
State grants:			
Early childhood	\$ 22,637	-	22,637
Quality improvement	-	15,898	15,898
Allocation for administration	2,770	4,934	7,704
School ready general use	-	83,369	83,369
Total state grants	25,407	104,201	129,608
Interest on investments	18	170	188
Total revenues	25,425	104,371	129,796
<b>Expenditures:</b>			
Program services:			
Early childhood	25,660	-	25,660
Quality improvement	-	16,044	16,044
School ready general use	-	93,379	93,379
Total program services	25,660	109,423	135,083
Administration	2,567	8,587	11,154
Total expenditures	28,227	118,010	146,237
Change in fund balance	(2,802)	(13,639)	(16,441)
Fund balance beginning of year	4,964	44,390	49,354
Fund balance end of year	\$ 2,162	30,751	32,913

Findings related to the operations of the Early Childhood Iowa Area Board are included as items 2022-004 and 2022-Q in the Schedule of Findings and Questioned Costs.

**(14) Categorical Funding**

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

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2022.

<u>Program</u>	<u>Amount</u>
Gifted and talented program	\$ 72,400
Teacher salary supplement	42,050
Statewide voluntary four-year-old preschool	187,780
Flexibility - professional development	<u>74,020</u>
Total	<u>\$ 376,250</u>

**(15) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during fiscal year 2022. The new requirements require the reporting of certain lease liabilities which were previous not reported. The result of these changes had no effect on the beginning net position.

	<u>Capital</u>	<u>Long-term</u>
	<u>Assets</u>	<u>Liabilities</u>
		<u>Lease</u>
		<u>Agreements</u>
Balances June 30, 2021, as previously reported	\$ 10,728,756	-
Change to implement GASBS No. 87	<u>45,883</u>	<u>45,883</u>
Balances July 1, 2021, as restated	<u>\$ 10,774,639</u>	<u>45,883</u>

**Required Supplementary Information**

Sample 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 Funds Actual	Proprietary Fund Actual	Total Actual
Revenues:			
Local sources	\$ 5,598,137	411,658	6,009,795
Intermediate sources	20,837	-	20,837
State sources	8,809,392	7,989	8,817,381
Federal sources	493,628	262,049	755,677
Total revenues	14,921,994	681,696	15,603,690
Expenditures/Expenses:			
Instruction	8,924,778	-	8,924,778
Support services	4,403,842	10,500	4,414,342
Non-instructional programs	53,314	678,169	731,483
Other expenditures	3,683,421	-	3,683,421
Total expenditures/expenses	17,065,355	688,669	17,754,024
Deficiency of revenues under expenditures/expenses	(2,143,361)	(6,973)	(2,150,334)
Other financing sources, net	3,200,000	-	3,200,000
Change in balances	1,056,639	(6,973)	1,049,666
Balances beginning of year	4,529,188	363,481	4,892,669
Balances end of year	\$ 5,585,827	356,508	5,942,335

See accompanying independent auditor's report.

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Budgeted Amounts		Final to
Original	Final	Actual
		Variance
5,571,585	5,571,585	438,210
12,000	12,000	8,837
9,481,641	9,722,927	(905,546)
468,000	468,000	287,677
15,533,226	15,774,512	(170,822)
8,724,699	8,724,699	(200,079)
4,151,201	4,151,201	(263,141)
775,004	775,004	43,521
5,752,989	5,878,567	2,195,146
19,403,893	19,529,471	1,775,447
(3,870,667)	(3,754,959)	1,604,625
3,210,000	3,210,000	(10,000)
(660,667)	(544,959)	1,594,625
3,039,221	4,039,221	853,448
2,378,554	3,494,262	2,448,073

**Sample Community School District**

Sample 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 comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated 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 \$125,578.

During the year ended June 30, 2022, expenditures in the instruction and support services functions exceeded the amounts budgeted and the District exceeded its General Fund unspent authorized budget.

Sample 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\*  
 (In Thousands)

Required Supplementary Information

	2022	2021	2020	2019
District's proportion of the net pension liability	0.121885%	0.119882%	0.122095%	0.113987%
District's proportionate share of the net pension liability	\$ 7,671	5,923	4,842	4,613
District's covered payroll	\$ 8,273	7,765	7,563	7,693
District's proportionate share of the net pension liability as a percentage of its covered payroll	92.72%	76.28%	64.02%	59.96%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%

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

See accompanying independent auditor's report.

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2018	2017	2016	2015
0.114735%	0.113621%	0.113134%	0.105215%
4,587	4,543	4,312	4011
7,290	6,607	5,566	5,196
62.92%	68.76%	77.47%	77.19%
82.21%	81.82%	85.19%	87.61%

Sample Community School District  
 Schedule of District Contributions  
 Iowa Public Employees' Retirement System  
 For the Last Ten Years  
 (In Thousands)

Required Supplementary Information

	2022	2021	2020	2019
Statutorily required contribution	\$ 837	781	733	714
Contributions in relation to the statutorily required contribution	(837)	(781)	(733)	(714)
Contribution deficiency (excess)	\$ -	-	-	-
District's covered payroll	\$ 8,867	8,273	7,765	7,563
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%

See accompanying independent auditor's report.

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2018	2017	2016	2015	2014	2013
687	651	590	497	464	432
(687)	(651)	(590)	(497)	(464)	(432)
-	-	-	-	-	-
7,693	7,290	6,607	5,566	5,196	4,983
8.93%	8.93%	8.93%	8.93%	8.93%	8.67%

Sample Community School District

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (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.

Sample 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	\$ 30,935	42,557	39,624	31,875	36,220
Interest cost	22,274	16,098	11,037	16,646	11,027
Difference between expected and actual experiences	152,367	(12,820)	24,546	59,021	(4,888)
Changes in assumptions	9,633	7,253	2,438	9,089	5,491
Benefit payments	(30,169)	(48,993)	(7,266)	(36,860)	(25,409)
Net change in total OPEB liability	185,040	4,095	70,379	79,771	22,441
Total OPEB liability beginning of year	852,960	848,865	778,486	698,715	676,274
Total OPEB liability end of year	\$ 1,038,000	852,960	848,865	778,486	698,715
Covered-employee payroll	\$ 8,400,000	8,354,876	8,195,845	8,175,846	8,073,769
Total OPEB liability as a percentage of covered-employee payroll	12.4%	10.2%	10.4%	9.5%	8.7%

See accompanying independent auditor's report.

**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 2022 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2022:

- Changed mortality assumptions to the SOA Public Plan 2010 tables.

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	2.19%
Year ended June 30, 2021	2.66%
Year ended June 30, 2020	3.51%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	4.50%
Year ended June 30, 2017	4.25%

**Sample Community School District**

## **Supplementary Information**

**Schedule 1**

Sample Community School District

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2022

	Special Revenue			Total
	Student Activity	Management Levy	Entrepreneurial Education	
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 251,945	9,312	11,405	272,662
Receivables:				
Property tax:				
Delinquent	-	3,006	-	3,006
Succeeding year	-	275,000	-	275,000
Accounts	1,431	-	-	1,431
Accrued interest	1,351	-	126	1,477
<b>Total assets</b>	<b>\$ 254,727</b>	<b>287,318</b>	<b>11,531</b>	<b>553,576</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 6,335	-	275	6,610
Salaries and benefits payable	178	-	-	178
Total liabilities	6,513	-	275	6,788
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	275,000	-	275,000
Other	-	18	-	18
Total deferred inflows of resources	-	275,018	-	275,018
Fund balances:				
Restricted for:				
Entrepreneurial education activities	-	-	11,256	11,256
Management levy purposes	-	12,300	-	12,300
Student activities	248,214	-	-	248,214
Total fund balances	248,214	12,300	11,256	271,770
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 254,727</b>	<b>287,318</b>	<b>11,531</b>	<b>553,576</b>

See accompanying independent auditor's report.

Sample 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	Management Levy	Entrepreneurial Education	Total
Revenues:				
Local sources:				
Local tax	\$ -	274,606	-	274,606
Other	488,430	139	14,321	502,890
State sources	-	597	-	597
Total revenues	488,430	275,342	14,321	778,093
Expenditures:				
Current:				
Instruction:				
Regular	-	54,679	-	54,679
Special	-	6,620	-	6,620
Other	457,926	-	3,065	460,991
Support services:				
Administration	-	209,401	-	209,401
Operation and maintenance of plant	-	6,589	-	6,589
Total expenditures	457,926	277,289	3,065	738,280
Excess (deficiency) of revenues over (under) expenditures	30,504	(1,947)	11,256	39,813
Other financing sources:				
Transfers in	440	-	-	440
Change in fund balances	30,944	(1,947)	11,256	40,253
Fund balances beginning of year	217,270	14,247	-	231,517
Fund balances end of year	\$ 248,214	12,300	11,256	271,770

See accompanying independent auditor's report.

**Schedule 3**

## Sample Community School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2022

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expendi- tures	Intra- Fund Transfers	Balance End of Year
Middle School Athletics	\$ 18,735	29,081	14,855	-	32,961
High School Athletics	38,118	77,154	81,497	1,665	35,440
Debate	1,917	532	475	-	1,974
Mock Trial	1,000	-	310	310	1,000
Speech	1,000	36	618	582	1,000
Vocal Music-High School	5,936	33,544	31,013	2,118	10,585
Vocal Music-Middle School	1,222	11,913	12,846	-	289
Piano Fund Raiser	461	318	168	(461)	150
Instrumental Music-High School	6,573	1,192	2,839	1,994	6,920
Instrumental Music-Middle School	(723)	100	-	-	(623)
Cheerleaders-High School	503	14,599	9,843	-	5,259
Cheerleaders-Middle School	23	2,401	2,249	-	175
Volleyball	2,480	11,081	12,358	621	1,824
Soccer	2,501	4,908	4,815	(190)	2,404
Cross Country	699	1,108	1,514	407	700
Swimming	200	-	-	-	200
Basketball	5,000	10,679	6,256	(4,423)	5,000
Football	5,896	20,937	10,959	(11,387)	4,487
Baseball	5,562	45,013	47,904	4,111	6,782
Track	7,670	1,476	6,877	731	3,000
Tennis	1,799	4,053	5,008	1,041	1,885
Golf	3,001	4,418	5,100	681	3,000
Wrestling	3,000	2,785	2,445	(340)	3,000
Softball	3,501	7,197	7,519	1,572	4,751
German Club	515	1,219	1,162	-	572
Art Club	287	2,171	2,458	-	-
Drill Team	3,666	17,173	17,631	968	4,176
French Club	2,923	14,763	15,164	-	2,522
National Honor Society	1,619	365	328	-	1,656
Students Against Drunk Driving	398	661	308	-	751
Spanish Club	1,238	3,626	2,999	-	1,865
Student Council-Middle School	7,718	24,259	26,565	-	5,412
Student Council-High School	1,498	43,677	32,472	-	12,703
Class of 2022	(441)	441	-	-	-
Class of 2023	14,412	5,086	14,007	-	5,491
Class of 2024	-	12,977	10,970	-	2,007
Wrestling Club	4,372	6,280	6,082	-	4,570
Boys Basketball Club	2,842	3,161	4,166	-	1,837
Girls Basketball Club	2,221	4,405	5,116	-	1,510
Yearbook-High School	8,978	19,245	19,110	-	9,113
Yearbook-Middle School	1,400	3,330	3,039	-	1,691
Parking Sticker	421	-	-	35	456
Newspaper	172	2,386	3,096	-	(538)
Library Fines-Middle School	185	3,191	3,334	-	42
Library Fines-High School	3,675	9,495	6,981	-	6,189
Kids Business Education	7,344	6,016	6,226	-	7,134
Optional Activity Tickets	35,753	20,418	9,244	(35)	46,892
Total	\$ 217,270	488,870	457,926	-	248,214

See accompanying independent auditor's report.

## Sample 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
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 1,475,322	30,187	1,505,509
Receivables:			
Property tax:			
Delinquent	-	3,579	3,579
Succeeding year	-	231,000	231,000
Due from other governments	21,000	-	21,000
<b>Total assets</b>	<b>\$ 1,496,322</b>	<b>264,766</b>	<b>1,761,088</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 352,661	-	352,661
Due to other funds	-	12,313	12,313
Total liabilities	352,661	12,313	364,974
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	231,000	231,000
Other	-	1,508	1,508
Total deferred inflows of resources	-	232,508	232,508
Fund balances:			
Restricted for:			
Debt service	100,000	-	100,000
School infrastructure	1,043,661	-	1,043,661
Physical plant and equipment	-	19,945	19,945
Total fund balances	1,143,661	19,945	1,163,606
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,496,322</b>	<b>264,766</b>	<b>1,761,088</b>

See accompanying independent auditor's report.

**Sample Community School District**

## Sample Community School District

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

Year ended June 30, 2022

	Capital Projects		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:			
Local sources:			
Local tax	\$ -	190,855	190,855
Other	42,072	8,239	50,311
State sources	101,211	411	101,622
Total revenues	143,283	199,505	342,788
Expenditures:			
Current:			
Administration	-	2,840	2,840
Facilities acquisition	2,201,061	3,112	2,204,173
Total expenditures	2,201,061	5,952	2,207,013
Excess (deficiency) of revenues over (under) expenditures	(2,057,778)	193,553	(1,864,225)
Other financing sources (uses):			
General obligation bonds issued	2,200,000	-	2,200,000
Revenue bonds issued	1,000,000	-	1,000,000
Transfers out	-	(68,198)	(68,198)
Total other financing sources (uses)	3,200,000	(68,198)	3,131,802
Change in fund balances	1,142,222	125,355	1,267,577
Fund balances beginning of year	1,439	(105,410)	(103,971)
Fund balances end of year	\$ 1,143,661	19,945	1,163,606

See accompanying independent auditor's report.

Sample Community School District

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

For the Last Ten Years

	2022	2021	2020	2019
Revenues:				
Local sources:				
Local tax	\$ 4,083,807	3,825,914	3,685,689	3,494,917
Tuition	497,718	462,519	374,558	293,528
Other	1,016,612	844,043	950,362	719,497
Intermediate sources	20,837	14,076	16,159	-
State sources	8,809,392	8,671,395	7,619,059	7,316,048
Federal sources	493,628	258,059	276,268	243,179
Total	<u>\$ 14,921,994</u>	<u>14,076,006</u>	<u>12,922,095</u>	<u>12,067,169</u>
Expenditures:				
Instruction:				
Regular	\$ 5,420,062	5,070,946	4,541,742	4,369,264
Special	2,231,897	1,940,968	1,718,270	1,815,988
Other	1,272,819	1,177,344	1,241,909	740,688
Support services:				
Student	437,088	436,300	415,964	530,085
Instructional staff	468,960	417,130	326,644	264,461
Administration	1,833,811	1,535,112	1,615,800	1,219,321
Operation and maintenance of plant	1,225,241	1,180,802	1,086,476	890,656
Transportation	438,742	417,745	633,678	417,088
Central support	-	-	-	3,320
Non-instructional programs	53,314	57,248	55,830	38,643
Other expenditures:				
Facilities acquisition	2,204,173	351,551	381,301	2,463,766
Long-term debt:				
Principal	534,507	565,000	455,694	299,783
Interest and other charges	357,176	362,467	385,988	504,576
AEA flowthrough	587,565	550,194	521,125	500,264
Total	<u>\$ 17,065,355</u>	<u>14,062,807</u>	<u>13,380,421</u>	<u>14,057,903</u>

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
3,477,442	3,460,055	3,390,854	3,356,946	3,323,376	3,290,142
292,060	290,600	284,788	281,940	279,121	276,330
715,900	712,320	698,074	691,093	684,182	677,340
-	-	-	-	-	-
7,279,468	7,243,070	7,098,209	7,027,227	6,956,955	6,887,385
241,963	240,753	235,938	233,579	231,243	228,931
<u>12,006,833</u>	<u>11,946,798</u>	<u>11,707,863</u>	<u>11,590,785</u>	<u>11,474,877</u>	<u>11,360,128</u>
4,347,418	4,325,681	4,239,167	4,196,775	4,154,808	4,113,259
1,806,908	1,797,874	1,761,916	1,744,297	1,726,854	1,709,585
736,985	733,300	718,634	711,447	704,333	697,290
527,435	524,797	514,301	509,158	504,067	499,026
263,139	261,823	256,587	254,021	251,480	248,966
1,213,224	1,207,158	1,183,015	1,171,185	1,159,473	1,147,878
886,203	881,772	864,136	855,495	846,940	838,471
415,003	412,928	404,669	400,622	396,616	392,650
3,303	3,287	3,221	3,189	3,157	3,125
38,450	38,258	37,492	37,117	36,746	36,379
2,451,447	2,439,190	2,390,406	2,366,502	2,342,837	2,319,409
298,284	296,793	290,857	287,948	285,069	282,218
502,053	499,543	489,552	484,656	479,810	475,012
497,763	495,274	485,368	480,515	475,710	470,952
<u>13,987,615</u>	<u>13,917,678</u>	<u>13,639,321</u>	<u>13,502,927</u>	<u>13,367,900</u>	<u>13,234,220</u>

**Sample Community School District**

Sample 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
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	FY22	\$ 170,158 *
COVID-19, National School Lunch Program	10.555	FY22	<u>65,700</u>
			<u>235,858</u>
Special Milk Program for Children	10.556	FY22	<u>4,802</u>
Summer Food Service Program for Children	10.559	FY22	<u>10,000</u>
Total U.S. Department of Agriculture			<u>250,660</u>
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	2807-40	<u>204,225</u>
Career and Technical Education - Basic Grants to States	84.048	GG-08-22	<u>16,366</u>
Student Support and Academic Enrichment Program	84.424	FY22	<u>15,000</u>
English Language Acquisition State Grants	84.365	FY22	<u>9,352</u>
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	23-5742	<u>80,421</u>
Higher Education Emergency Relief Fund			
American Rescue Plan - Elementary and Secondary School Relief (ESSER) Funds	84.425U	FY22	<u>145,159</u>
Passed through Sample Area Education Agency:			
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	000-11-1-010	<u>23,840</u>
Career and Technical Education - Basic Grants to States	84.048	FY22	<u>10,000</u>
Total U.S. Department of Education			<u>504,363</u>
Total			<u>\$ 755,023</u>

\* - Includes \$28,500 of non-cash awards.

**Basis of Presentation** – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Sample 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 Sample Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Sample 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** – Sample Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

**Sample Community School District**



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

To the Board of Education of Sample 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 Sample Community School District as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 30, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sample 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 Sample Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Sample 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. **(Use for Note 1, Note 2, Note 3)**

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in Part II of the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies. **(Note 4 only)**

**(Use this paragraph rather than preceding paragraph for Note 1)** 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that are not identified.

**(Use this paragraph rather than preceding two paragraphs for Note 2, Note 3)** 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. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. (add bold for Note 2 only)** We identified certain deficiencies in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2022-0XX through 2022-0XXz that we consider to be significant deficient **(delete “significant deficiencies” add “material weaknesses.” For Note 3)**

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2022-001 through 2022-002 to be material weaknesses. **(Use this for Note 4 only)**

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. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2022-003 and 2022-004 to be significant deficiencies. **(Use this for Note 4 only)**

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sample 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.

#### Sample Community School District’s Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedure on Sample Community School District’s responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Sample 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 Sample 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.

Ernest H. Ruben, Jr., CPA  
Deputy Auditor of State

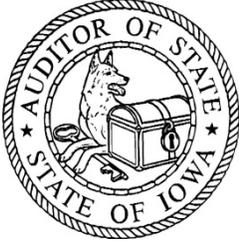
October 30, 2022

**Note 1: No material weaknesses and no significant deficiencies.**

**Note 2: No material weaknesses but significant deficiencies exist.**

**Note 3: Material weaknesses exist but no significant deficiencies.**

**Note 4: Both material weaknesses and significant deficiencies exist.**



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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 Sample Community School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sample 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 Sample Community School District's major federal programs for the year ended June 30, 2022. Sample 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, Sample 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 Sample 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 Sample 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 Sample 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 Sample 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 Sample 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 Sample 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 Sample 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 Sample 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.

**Other Matters (Omit this section if no noncompliance exists. Please refer to the AICPA Audit Guide Government Auditing Standards and Single Audits for assistance in reporting.)**

- 1) **If noncompliance that does not result in a modified opinion but is required to be reported in accordance with the Uniform Guidance is identified, an other-matter paragraph, in a separate section of the auditor's report with the heading "Other Matters," should be reported which includes:**
  - **a reference to the schedule of findings and questioned costs in which the instances of noncompliance are describe, including the reference number of the finding.**
  - **a statement that the auditor's opinion on each major federal program is not modified with respect to the matters.**
- 2) **If noncompliance results in a modified opinion, please refer AICPA Audit Guide. This letter changes significantly.**

## Report on Internal Control Over Compliance

**(Use this paragraph for Note 1 only)** 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.

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

**(Replace preceding paragraph with this paragraph for Note 2)** 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 was not identified. **We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. (delete bold words if Note 3 or Note 4) However, as discussed below , we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies. (Note 3 and Note 4 – replace bolded words with “However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.” (Note 4 add italics words)**

**(Note 2, Note 3 and Note 4 add this paragraph)** 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. (note 4 – delete bold words)** We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2022-005 and 202X-00X, to be **significant deficiencies (Note 3 and Note 4 replace bolded words with “material weaknesses”)**.

**(Note 4 add paragraph)** 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 items 202X-00Y and 202X-00Z, to be significant deficiencies.

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 Sample 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. Sample 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. **(omit paragraph for Note 1)**

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.

Ernest H. Ruben, Jr., CPA  
Deputy Auditor of State

October 30, 2022

**Note 1: No material weaknesses and no significant deficiencies.**

**Note 2: No material weaknesses but significant deficiencies exist.**

**Note 3: Material weaknesses exist but no significant deficiencies.**

**Note 4: Both material weaknesses and significant deficiencies exist.**

Sample 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) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness in internal control over the 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) The major programs were as follows:
  - Child Nutrition Cluster
  - Assistance Listing Number 84.010 – Title I Grants to local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Sample Community School District did not qualify as a low-risk auditee.

Sample Community School District  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2022

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

2022-001 Segregation of Duties

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

Condition – Cash receipts are issued, and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

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

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials, to provide additional controls through review of financial transactions, reconciliations and reports. These independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

Response and Corrective Action Planned – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response accepted.

Sample Community School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

2022-002 Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the District’s financial statements.

Condition – Material amounts of receivables, payables and capital asset additions were not recorded in the District’s financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Cause – District policies do not require, and procedures have not been established to require independent review of year end cut-off and capital asset transactions to ensure the District’s financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in District employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the District’s financial statements were necessary.

Recommendation – The District should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the District’s financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Conclusion – Response accepted.

2022-003 Disbursement Approval

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for disbursements. Internal controls over safeguarding assets constitute a process, effected by an entity’s governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation.

Condition – Two of 50 disbursements tested had no evidence of Board approval. For ten disbursements, there was insufficient documentation to determine the date the Superintendent approved routine expenditures for advance payment in accordance with the District’s policy.

Sample Community School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Cause – The District has not implemented procedures to ensure all claims are included on the list of bills presented to the Board for approval or to ensure proper documentation of the Superintendent’s approval of claims such as the initials and date of approval.

Effect – Lack of proper approval could result in unauthorized or improper transactions and the opportunity for misappropriation.

Recommendation – The District should ensure all expenditures are properly approved. For payments made in advance of Board meetings, the District should maintain documentation of the Superintendent’s approval of claims for payment, such as the Superintendent’s initials and date of approval. The District should also review the list of bills presented to the Board at regular meetings to ensure all claims are included.

Response – We will ensure all expenditures are properly approved and maintain documentation of the approval of expenditures made in advance of Board approval by having the Superintendent initial and date the claims.

Conclusion – Response accepted.

2022-004 Early Childhood Iowa Area Board – Supporting Documentation and Approval

Criteria – An effective internal control system provides for internal controls related to ensuring expenditures are properly and adequately supported and reviewed. The Area Board contracted with 7 providers. The provider contracts require detailed monthly invoices be submitted prior to payment to support the services rendered. The invoices are to be submitted to the Coordinator, who is to verify the accuracy and adequacy of the documentation and approve the disbursement.

Condition – For 5 of 10 provider claims tested, adequate supporting documentation was not available or did not agree with the amount paid. For 2 of 10 provider claims tested, the claims did not include evidence of approval by the Coordinator.

Cause – District policies do not require, and procedures have not been established to require evidence of independent review and approval of invoices submitted to the Coordinator to ensure they are adequate and properly supported.

Effect – Lack of policies and procedures resulted in District employees not detecting the errors in the normal course of performing their assigned functions.

Recommendation – All contract payments should be supported by detailed invoices or other supporting documentation, as required. The invoices and supporting documentation should be reviewed and approved by the Coordinator. The Coordinator review and approval should be documented by his/her initials or signature and the date approved.

Sample Community School District  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2022

Response – We will obtain the documentation required by the provider contracts and the documentation will be reviewed and approved by the Coordinator and the Area Board. We will comply with these recommendations for all future contract payments.

Conclusion – Response accepted.

Sample 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 NONCOMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCY:**

**Assistance Listing Number 10.553: School Breakfast Program**  
**Assistance Listing Number 10.555: National School Lunch Program**  
**Assistance Listing Number 10.556: Special Milk Program for Children**  
**Pass-Through Entity Identifying Number: N/A**  
**Federal Award Year: 2022**  
**Prior Year Finding Number: III-A-21**  
**U.S. Department of Agriculture**  
**Passed through the Iowa Department of Education**

**Assistance Listing Number 84.010: Title I Grants to Local Educational Agencies**  
**Pass-Through Entity Identifying Number: 2807-40**  
**Federal Award Year: 2022**  
**Prior Year Finding Number: III-A-21**  
**U.S. Department of Education**  
**Passed through the Iowa Department of Education**

2022-005      Segregation of Duties – The District did not properly segregate custody, record-keeping and reconciling functions for revenues, including those related to federal programs. See 2022-001.

Sample 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, 2021 exceeded the amended certified budget amounts in the instruction and support services functions. The District also exceeded its General Fund unspent authorized budget for the year ended June 30, 2021 by approximately \$43,000.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget. The District should contact the Iowa Department of Education and the School Budget Review Committee to resolve the General Fund unspent authorized budget over expenditure.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded. We will contact the Iowa Department of Education and the School Budget Review Committee to resolve the issue regarding the unspent authorized budget.

Conclusion – Response accepted.

2022-B Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

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

2022-D Business Transactions – No business transactions between the District and District officials or employees were noted.

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

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

2022-G Board Minutes – As previously noted, two disbursements requiring Board approval had not been approved by the Board as required by Chapter 279.29 of the Code of Iowa and an additional ten disbursements had insufficient documentation, they had been approved for payment by the Superintendent in advance of Board approval as allowed by Chapter 279.30 of the Code of Iowa.

Certain minutes were not published as required by Chapter 279.35 of the Code of Iowa.

Sample Community School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Recommendation – All disbursements should be approved by the Board and sufficient documentation should be maintained to evidence proper Superintendent approval of disbursements paid in advance of Board approval. The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting.

Response – All disbursements will be approved by the Board and procedures have been revised to ensure the Superintendent's approval of disbursements prior to Board meetings is adequately documented. Procedures have been revised to ensure the minutes are published as required.

Conclusion – Response accepted.

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

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

2022-J Deposits and Investments – No instances of noncompliance 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.

2022-L Categorical Funding – Except as noted, no instances of categorical funding being used to supplant rather than supplement other funds were noted. The District allocated \$10,500 to the District's Early Intervention Block Grant program for administrative costs. The administrative cost allocation does not appear to be an allowable cost for this program in accordance with Chapter 256D.2A of the Code of Iowa and Iowa Department of Education administrative rules. This appears to be due to employee oversight.

Recommendation – The District should contact the Iowa Department of Education regarding corrective action required. In the future, the District should not allocate administrative costs to the Early Intervention Block Grant program.

Response – As recommended, we will contact the Iowa Department of Education to determine the corrective action required. We will refrain from charging administrative costs to this program.

Conclusion – Response accepted.

Sample Community School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

2022-M Statewide Sales, Services and Use Tax – No instances of noncompliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2021, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR: **(OR if variances are identified during the audit, replace the last sentence with:** For the year ended June 30, 2021, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District’s CAR including adjustments identified during the fiscal year 2020 audit:)

Beginning balance		\$	1,439
Revenues/transfers in:			
Sales tax revenues	\$	101,211	
Other local revenues		42,072	
School infrastructure supplemental amount		-	
Other state revenues		-	
Federal revenues		-	
Sale of long-term debt		3,200,000	
Transfers from other funds		-	
Other		-	
			<u>3,343,283</u>
			3,344,722
Expenditures/transfers out:			
School infrastructure construction		2,172,551	
Land purchased		-	
Buildings purchased		-	
Equipment		12,125	
Other		16,385	
Transfers to other funds:			
Debt service fund		-	
Other transfers		-	
			<u>2,201,061</u>
Ending balance			<u>\$ 1,143,661</u>

*(Note: The displayed captions identify the total range of information which could be reported. As usual, items without dollar values should be deleted.)*

Sample Community School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

For the year ended June 30, 2021, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa: **(OR if the District did not reduce any levies, delete the first sentence and table and include the following sentence:** For the year ended June 30, 2021, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.)

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	\$ -	-
Physical plant and equipment levy (PPEL)	0.10029	28,510
Public education and recreation levy (PERL)	-	-
Total		<u>\$ 28,510</u>

*(Note: The displayed captions identify the total range of information which could be reported. As usual, items without dollar values should be deleted.)*

2022-N Deficit Balances – Two student activity accounts had deficit balances at June 30, 2022.

Recommendation – The District should continue to investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial condition.

Response – The District is continuing to investigate alternatives to eliminate deficits in the student activity accounts at the end of the fiscal year.

Conclusion – Response accepted.

2022-O Revenue Bonds – The District has not established the reserve account required by the revenue bond resolution. In addition, the required monthly transfers from the revenue account to the sinking account were not made by the District.

Recommendation – The District should establish the reserve account in the amount required and make the monthly transfers to the sinking account as required by the bond resolution.

Response – We will establish a reserve account and begin making transfers to a sinking account.

Conclusion – Response accepted.

Sample Community School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

2022-P Student Activity Fund – In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District’s educational program. The Parking Sticker, Library Fines (High School and Middle School) and Piano Fund Raiser accounts reported in the Special Revenue, Student Activity Fund do not appear to be extracurricular or co-curricular in nature.

Recommendation – The District should review and reclassify these accounts to the appropriate fund.

Response – We have reviewed the activity in the accounts and will reclassify the accounts to the General Fund.

Conclusion – Response accepted.

2022-Q Early Childhood Iowa Area Board – The District is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the District’s financial statements as a Custodial Fund because of the District’s fiduciary relationship with the organization.

Certain expenditures totaling \$536 for food and refreshments for meetings were noted which may not meet the purpose for which the grant funds were provided.

Recommendation – The Area Board should determine and document how these expenditures meet the intended purpose of the state grants before authorizing any further payments.

Response – We will discontinue the practice of providing meals for the monthly Board meetings.

Conclusion – Response accepted.

Sample Community School District

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy  
Susie Q. Reviewer, CPA, Manager  
Terrance Tickmark, CPA, Senior Auditor  
Margo Setter, CPA, Staff Auditor  
Sadie Belle, CPA, Assistant Auditor