

WEST LIBERTY COMMUNITY SCHOOL DISTRICT  
WEST LIBERTY, IOWA

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

JUNE 30, 2021

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WEST LIBERTY COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Emily Geertz	President	2021
Stephanie Dengler	Vice President	2021
Jacob Burroughs	Board Member	2023
Jeff Laughlin	Board Member	2023
Carla Shield	Board Member	2023
<u>School Officials</u>		
Diego Giraldo	Superintendent	2021
Abby Ortiz	District Secretary/Treasurer and Business Manager	2021
Lynch Dallas	Attorney	2021

DOUGLAS T. HUNT, CPA  
CHUCK C. CONVERSE, CPA  
RUSSELL S. TERPSTRA, CPA  
MICHAEL G. STANLEY, CPA  
DEE A.A. HOKE, CPA

**HUNT & ASSOCIATES, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 11 of the Code of Iowa. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Disclaimer of Opinion on Discretely Presented Component Unit

The financial statements of the West Liberty Community School District Foundation (Foundation) have not been audited, and we were not engaged to audit the Foundation financial statements as part of our audit of the West Liberty Community School District's basic financial statements. The Foundation's financial activities are included in the District's basic financial statements as a discretely presented component unit.

Disclaimer of Opinion on Discretely Presented Component Unit

Because the Foundation's financial statements have not been audited, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit. Accordingly, we do not express an opinion on the financial statements of the discretely presented component unit of the West Liberty Community School District, as of and for the year ended June 30, 2021.

Opinions

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

Emphasis of a Matter

As discussed in Note 13 to the financial statements, West Liberty Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other*Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 8 through 18 and 62 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Liberty Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 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.

*Supplementary Information* (continued)

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 3, 2022 on our consideration of West Liberty 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering West Liberty Community School District's internal control over financial reporting and compliance.

*Hunt + Associates, P.C.*

Oskaloosa, Iowa  
March 3, 2022

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## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

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

### **2021 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$15,780,974 in fiscal 2020 to \$15,793,731 in fiscal 2021, while General Fund expenditures increased from \$14,023,464 in fiscal 2020 to \$14,942,247 in fiscal 2021. The District’s General Fund balance increased from \$6,577,508 in fiscal 2020 to \$7,521,619 in fiscal 2021, a 14.4% increase.
- The increase in General Fund revenues was due primarily to the operation of school for the full 2020-2021 school year compared to closure of schools in March 2020 related to the pandemic. The District was able to utilize the state grants during the full year. The district’s decreasing enrollment was buffered by the increase in federal funding and state aid set by the State Legislature. The State Legislature increased funding from 2.06% in 2020 to 2.30% in 2021.
- The increase in General Fund expenditures was due primarily to increases in instruction and support services expenditures, specifically salary, benefits, operations and maintenance.
- Through the combination of increased state supplemental aid and federal funds related to the pandemic that could be used to supplant, the District did not have to use any carryover balance to meet financial obligations and as a result the General Fund balance increased 14.4%.

### **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 West Liberty Community School District as a whole and present an overall view of the District’s finances.

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

The notes to the 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 non-major Governmental Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

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

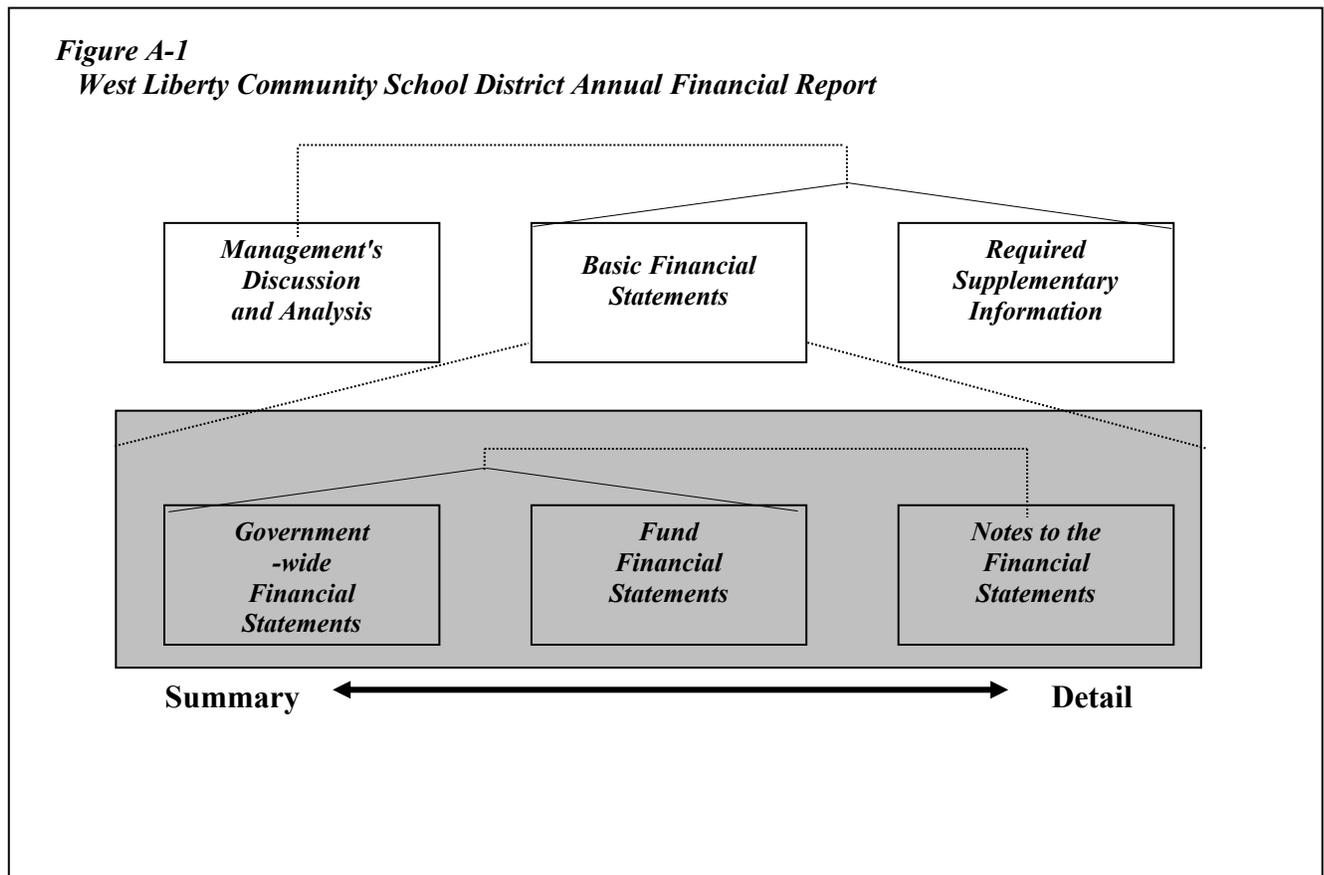


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

## **REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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

The two government-wide financial statements report the District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are 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 three 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.
- *Component Unit:* This includes the activities of the West Liberty Community School District Foundation. The District receives significant financial benefits from the Foundation although they are legally separate entities.

#### *Fund Financial Statements*

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

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

The District has three kinds of funds:

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

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

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 Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the Before and After School Program Fund. Internal Service Funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for other District programs and activities.

The required financial statements for proprietary funds include 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 Funds.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

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 fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

<u>Figure A-3</u>							
<u>Condensed Statement of Net Position</u>							
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>		<u>Total</u>
	<u>Activities</u>		<u>Activities</u>		<u>School District</u>		<u>Change</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2020-2021</u>
Current and other assets	\$ 20,739,249	\$ 16,610,197	\$ 481,095	\$ 511,282	\$ 21,220,344	\$ 17,121,479	23.94%
Capital assets	<u>17,297,375</u>	<u>15,789,477</u>	<u>56,103</u>	<u>55,839</u>	<u>17,353,478</u>	<u>15,845,316</u>	9.52%
Total assets	<u>38,036,624</u>	<u>32,399,674</u>	<u>537,198</u>	<u>567,121</u>	<u>38,573,822</u>	<u>32,966,795</u>	17.01%
Deferred Outflows of Resources	<u>2,212,799</u>	<u>2,156,383</u>	<u>81,234</u>	<u>76,242</u>	<u>2,294,033</u>	<u>2,232,625</u>	2.75%
Long-term obligations	12,024,524	7,649,373	310,032	250,715	12,334,556	7,900,088	56.13%
Other liabilities	<u>2,440,763</u>	<u>1,752,963</u>	<u>43,926</u>	<u>53,238</u>	<u>2,484,689</u>	<u>1,806,201</u>	37.56%
Total liabilities	<u>14,465,287</u>	<u>9,402,336</u>	<u>353,958</u>	<u>303,953</u>	<u>14,819,245</u>	<u>9,706,289</u>	52.68%
Deferred Inflows of Resources	<u>4,993,586</u>	<u>5,733,162</u>	<u>15,065</u>	<u>36,470</u>	<u>5,008,651</u>	<u>5,769,632</u>	-13.19%
Net position							
Net Investment in capital assets	15,908,725	15,789,477	56,103	55,839	15,964,828	15,845,316	0.75%
Restricted	5,033,261	4,140,056	-	-	5,033,261	4,140,056	21.57%
Unrestricted	<u>(151,436)</u>	<u>(508,974)</u>	<u>193,306</u>	<u>247,101</u>	<u>41,870</u>	<u>(261,873)</u>	115.99%
Total net position	<u>\$ 20,790,550</u>	<u>\$ 19,420,559</u>	<u>\$ 249,409</u>	<u>\$ 302,940</u>	<u>\$ 21,039,959</u>	<u>\$ 19,723,499</u>	6.67%

The District's combined net position increased by approximately 7%, or \$1,316,460 over the prior year. A portion of the District's net position is the investment in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. The government-wide statements also includes \$12,334,556 in long-term liabilities (see Note 5, page 49), including revenue bonds, compensated absences, net pension liability, and total OPEB liability.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$893,205, or approximately 22% from the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased \$303,743 or approximately 116%.

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

<u>Figure A-4</u>							
<u>Change in Net Position</u>							
	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total District</u>		<u>Total Change</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2020-2021</u>
Revenues							
Program revenues							
Charges for service and sales	\$ 633,877	\$ 674,179	\$ 67,148	\$ 163,772	\$ 701,025	\$ 837,951	-16.34%
Operating grants	3,512,453	3,170,579	570,759	702,046	4,083,212	3,872,625	5.44%
Capital grants and contributions	15,000	76,818	7,058	-	22,058	76,818	-71.29%
General revenues							
Property tax	4,589,970	4,808,300	-	-	4,589,970	4,808,300	-4.54%
Income Surtax	132,161	546,602	-	-	132,161	546,602	-75.82%
Sales and services tax	1,300,527	1,382,424	-	-	1,300,527	1,382,424	-5.92%
Unrestricted state grants	7,811,086	7,901,949	-	-	7,811,086	7,901,949	-1.15%
Unrestricted investment earnings	39,324	58,807	1,197	1,476	40,521	60,283	-32.78%
Other	<u>149,706</u>	<u>52,789</u>	<u>-</u>	<u>-</u>	<u>149,706</u>	<u>52,789</u>	183.59%
Total revenues	<u>18,184,104</u>	<u>18,672,447</u>	<u>646,162</u>	<u>867,294</u>	<u>18,830,266</u>	<u>19,539,741</u>	-3.63%
Program expenses							
Governmental activities							
Instruction	10,671,013	10,017,165	91,849	-	10,762,862	10,017,165	7.44%
Support services	4,587,903	4,463,841	1,199	5	4,589,102	4,463,846	2.81%
Non-instructional programs	15	1,429	601,298	762,324	601,313	763,753	-21.27%
Other expenses	<u>1,560,529</u>	<u>1,556,513</u>	<u>-</u>	<u>-</u>	<u>1,560,529</u>	<u>1,556,513</u>	0.26%
Total expenses	<u>16,819,460</u>	<u>16,038,948</u>	<u>694,346</u>	<u>762,329</u>	<u>17,513,806</u>	<u>16,801,277</u>	4.24%
Change in net position before transfers	1,364,644	2,633,499	(48,184)	104,965	1,316,460	2,738,464	-51.93%
Transfers	<u>5,347</u>	<u>13,197</u>	<u>(5,347)</u>	<u>(13,197)</u>	<u>-</u>	<u>-</u>	0.00%
Change in net position	<u>\$ 1,369,991</u>	<u>\$ 2,646,696</u>	<u>\$ (53,531)</u>	<u>\$ 91,768</u>	<u>\$ 1,316,460</u>	<u>\$ 2,738,464</u>	-51.93%

In fiscal 2021, property tax and unrestricted state grants account for 68% of the revenue from governmental activities while charges for service and sales and operating grants account for approximately 99% of the revenue from business type activities.

The District's total revenues were \$18,830,266 of which \$18,184,104 was for governmental activities and \$646,162 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.6% decrease in revenues and a 4.2% increase in expenses.

**Governmental Activities**

Revenues for governmental activities were \$18,184,104 and expenses were \$16,819,460.

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.

<u>Figure A-5</u>						
<u>Total and Net Cost of Governmental Activities</u>						
	<u>Total Cost of Services</u>			<u>Net Cost of Services</u>		
	<u>2021</u>	<u>2020</u>	<u>Change</u> <u>2020-2021</u>	<u>2021</u>	<u>2020</u>	<u>Change</u> <u>2020-2021</u>
Instruction	\$ 10,671,013	\$ 10,017,165	6.5%	\$ 7,685,837	\$ 7,263,029	5.8%
Support services	4,587,903	4,463,841	2.8%	4,032,173	3,902,003	3.3%
Non-instructional programs	15	1,429	-99.0%	15	1,429	-99.0%
Other expenses	<u>1,560,529</u>	<u>1,556,513</u>	0.3%	<u>940,105</u>	<u>950,911</u>	-1.1%
Total expenses	<u>\$ 16,819,460</u>	<u>\$ 16,038,948</u>	4.9%	<u>\$ 12,658,130</u>	<u>\$ 12,117,372</u>	4.5%

- The cost financed by users of the District’s programs (Charges for Services) was \$633,877, a decrease of 6% from 2020.
- Federal and state governments subsidized certain programs with operating and capital grants and contributions totaling \$3,527,453, an increase of 8.6% from 2020.
- The net cost of governmental activities was financed with \$6,022,658 in property and other taxes and \$7,811,086 in unrestricted state grants, a decrease of 10.6% and of 1.1%, respectively, from 2020.

**Business Type Activities**

Revenues for business type activities were \$646,162 representing a 25.5% decrease from the prior year while expenses totaled \$694,346, an 8.9% decrease from the prior year. The District’s business type activities include the School Nutrition Fund and the Before and After School Program Fund. Revenues of these funds were comprised of charges for service, federal and state reimbursements, and investment income.

## **INDIVIDUAL FUND ANALYSIS**

As previously noted, West Liberty 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 a combined fund balance of \$13,627,490, higher than last year's ending fund balances of \$9,878,290.

### **Governmental Fund Highlights**

- The General Fund balance increased from \$6,577,508 to \$7,521,619. Revenues from federal sources increased 65.9%, due to Federal ESSER funding in response to the COVID-19 pandemic. These funds were allowed to be used to supplant expenditures, buffering the increase in instruction and support services expenditures in FY21.
- The Capital Projects Fund balance increased from \$2,878,306 in FY20 to \$5,573,787 in FY21. This increase is due to revenue bonds issued of \$3,750,000 to finance the Middle School addition project compared to no borrowings in FY20.

### **Proprietary Fund Highlights**

Proprietary Fund net position decreased from \$302,940 at June 30, 2020 to \$249,409 at June 30, 2021, representing a decrease of 17.7%. This is primarily due to an increase in supply expenses for the School Nutrition Fund and the addition of the Wrap Around Preschool Program Fund. The School Nutrition Fund and the Wrap-Around Preschool program are the only Proprietary Funds the District operates.

## **BUDGETARY HIGHLIGHTS**

West Liberty Community School District amended its annual budget one time during the year; Instruction and Total Other Expenditures were amended.

The District's revenues were \$76,539 more than budgeted. It is the District's practice to budget the anticipated revenues and expenditures on a yearly basis, normally under estimating revenues.

Total expenditures were \$1,862,492 less than budgeted. It is the District's practice to budget the anticipated revenues and expenditures on a yearly basis, always over estimating expenditures.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2021, the District had invested \$17.4 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment, consistent with FY20. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$928,637.

The original cost of the District's capital assets was \$35 million. Governmental funds account for approximately \$34.6 million, with the remainder of \$406,977 accounted for in the Proprietary, School Nutrition Fund.

During fiscal year 2021, the District had continued construction on the Middle School addition and initial design work on the Elementary addition. This is part of a multi-year facilities plan outlined in the facilities study completed in FY17. The next several years will include capital outlay to implement the projects identified in the study.

<u>Asset Category</u>	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>		<u>Total</u>
	<u>Activities</u>		<u>Activities</u>		<u>School District</u>		<u>Change</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2020-2021</u>
Land	\$ 609,723	\$ 609,723	\$ -	\$ -	\$ 609,723	\$ 609,723	0.00%
Construction in progress	2,152,809	1,860,417	-	-	2,152,809	1,860,417	15.72%
Buildings and improvements	13,701,422	12,521,212	-	-	13,701,422	12,521,212	9.43%
Improvements, other than buildings	189,972	230,910	-	-	189,972	230,910	-17.73%
Furniture and equipment	643,449	567,215	56,103	55,839	699,552	623,054	12.28%
Totals	<u>\$ 17,297,375</u>	<u>\$ 15,789,477</u>	<u>\$ 56,103</u>	<u>\$ 55,839</u>	<u>\$ 17,353,478</u>	<u>\$ 15,845,316</u>	9.52%

### Long-Term Debt

At June 30, 2021 the District's governmental activities had \$12,024,524 in long-term debt outstanding. This represents an increase of approximately 57.2% from last year. (See Figure A-7) The District paid off its General Obligation Bonds in FY20 and obtained revenue bonds to finance the Middle School addition in FY21. Additional information about the District's long-term debt is presented in Notes 5, 6 and 7 to the financial statements.

	<u>Governmental</u>		<u>Total</u>
	<u>Activities</u>		<u>Change</u>
	<u>2021</u>	<u>2020</u>	<u>2020-2021</u>
General obligation bonds \$	-	\$ -	- #DIV/0!
Revenue bonds	3,136,000	-	- #DIV/0!
Compensated absences	40,903	44,938	-8.98%
Net pension liability	7,596,057	6,448,644	17.79%
Net OPEB liability	<u>1,251,564</u>	<u>1,155,791</u>	8.29%
Total	<u>\$ 12,024,524</u>	<u>\$ 7,649,373</u>	57.20%

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- The West Liberty CSD will see a budget enrollment decrease for FY 2022 of 63 students and shows a decrease in FY 2023 of 3 students. The decrease in enrollment for FY 2022 can be attributed to the COVID-19 pandemic. Total certified enrollment in October, 2021 was 1,235 compared to 1,238 in October, 2020. Certified budget enrollment averages out to 1,297 over the last 5 years.
- The District continues to be under funded at the State level, which assigns the burden of financial stability to the taxpayers. The State Legislature set supplemental state aid at 2.40% for FY 2022. Supplemental state aid was 2.30% in FY 2021 and 2.06% in FY 2020. Enrollment growth declined slightly for FY 2023. The district will not be on budget guarantee for FY 2023, but will see approximately 1.2% less in new money, causing challenges in balancing spending and revenues.
- The District operates an all-day, five-day per week pre-school/pre-kindergarten and must continue to monitor closely the cost/benefit advantages for operating the program.
- The District had a Special Education Surplus balance of \$308,938. This was a Surplus of \$132,211 in FY 2020. This is an area that needs to continuously be monitored as the surplus is in part due to the COVID-19 school closures during FY 2020 and the difficulty in hiring special education staff in FY 2021. While the district can request additional spending authority for deficits, it is the taxpayers who carry the burden of funding this authority. The district is working to provide quality programs for our special needs population to effectively utilize the surplus.
- Our student data continues to show a growth in Hispanic population that will significantly impact the need for increased remedial programs for reading, At-Risk, and ESL/Dual Language.

## **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 Abby Ortiz, School Business Official and Board Secretary/Treasurer, West Liberty Community School District, 1103 N. Elm St., PO Box 228, West Liberty, Iowa, 52776.

## Basic Financial Statements

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Foundation
<b>Assets</b>				
Cash and pooled investments	\$ 15,352,695	\$ 445,842	\$ 15,798,537	\$ 113,008
Investments	-	-	-	1,918,473
Receivables:				
Property tax:				
Current year	50,885	-	50,885	-
Succeeding year	4,546,388	-	4,546,388	-
Income surtax	124,608	-	124,608	-
Accounts	7,402	1,265	8,667	-
Due from other governments	634,272	26,346	660,618	-
Inventories	-	7,642	7,642	-
Prepaid expenses	22,999	-	22,999	-
Capital assets, net of accumulated depreciation (note 4)	17,297,375	56,103	17,353,478	-
<b>Total assets</b>	<b>38,036,624</b>	<b>537,198</b>	<b>38,573,822</b>	<b>2,031,481</b>
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	1,692,924	55,043	1,747,967	-
OPEB related deferred outflows	519,875	26,191	546,066	-
<b>Total deferred outflows of resources</b>	<b>2,212,799</b>	<b>81,234</b>	<b>2,294,033</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable	1,110,705	69	1,110,774	-
Due to other governments	16,356	-	16,356	-
Salaries and benefits payable	1,313,702	13,834	1,327,536	-
Unearned revenue	-	30,023	30,023	-
Long-term liabilities (note 5):				
Portion due within one year:				
Compensated absences	40,903	-	40,903	-
Portion due after one year:				
Revenue bonds	3,136,000	-	3,136,000	-
Net pension liability	7,596,057	246,978	7,843,035	-
Total OPEB liability	1,251,564	63,054	1,314,618	-
<b>Total liabilities</b>	<b>14,465,287</b>	<b>353,958</b>	<b>14,819,245</b>	<b>-</b>

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2021

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Foundation
<b>Deferred Inflows of Resources</b>				
Unavailable property tax revenue	\$ 4,546,388	\$ -	\$ 4,546,388	\$ -
Pension related deferred inflows	417,846	13,586	431,432	-
OPEB related deferred inflows	29,352	1,479	30,831	-
Total deferred inflows of resources	<u>4,993,586</u>	<u>15,065</u>	<u>5,008,651</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	15,908,725	56,103	15,964,828	-
Restricted for:				
Categorical funding	612,436	-	612,436	-
Capital projects	2,055,920	-	2,055,920	-
Physical plant and equipment levy purposes	1,832,821	-	1,832,821	-
Management levy purposes	410,422	-	410,422	-
Student activities	121,662	-	121,662	-
Unrestricted	<u>(151,436)</u>	<u>193,306</u>	<u>41,870</u>	<u>2,031,481</u>
Total net position	<u>\$ 20,790,550</u>	<u>\$ 249,409</u>	<u>\$ 21,039,959</u>	<u>\$ 2,031,481</u>

See notes to financial statements.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 10,671,013	\$ 624,819	\$ 2,360,357	\$ -
Support services:				
Student	525,775	-	-	-
Instructional staff	753,573	232	476,672	-
Administration	1,706,100	-	-	-
Operation and maintenance of plant	1,192,841	5,836	70,000	-
Transportation	409,614	2,990	-	-
	<u>4,587,903</u>	<u>9,058</u>	<u>546,672</u>	<u>-</u>
Non-instructional programs	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	69,438	-	-	15,000
Long-term debt interest and fiscal charges	95,532	-	-	-
AEA flowthrough	605,424	-	605,424	-
Depreciation (unallocated) *	790,135	-	-	-
	<u>1,560,529</u>	<u>-</u>	<u>605,424</u>	<u>15,000</u>
Total governmental activities	<u>16,819,460</u>	<u>633,877</u>	<u>3,512,453</u>	<u>15,000</u>
Business-Type Activities:				
Instruction:				
Before and after school program operations	<u>91,849</u>	<u>59,140</u>	<u>-</u>	<u>-</u>

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Foundation
\$ (7,685,837)	\$ -	\$ (7,685,837)	\$ -
(525,775)	-	(525,775)	-
(276,669)	-	(276,669)	-
(1,706,100)	-	(1,706,100)	-
(1,117,005)	-	(1,117,005)	-
(406,624)	-	(406,624)	-
(4,032,173)	-	(4,032,173)	-
(15)	-	(15)	-
(54,438)	-	(54,438)	-
(95,532)	-	(95,532)	-
-	-	-	-
(790,135)	-	(790,135)	-
(940,105)	-	(940,105)	-
(12,658,130)	-	(12,658,130)	-
-	(32,709)	(32,709)	-

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-Type Activities:				
Support services:				
Administration	\$ 1,199	\$ -	\$ -	\$ -
Non-instructional programs:				
Food service operations	601,298	8,008	570,759	7,058
Total business-type activities	694,346	67,148	570,759	7,058
Total primary government	\$ 17,513,806	\$ 701,025	\$ 4,083,212	\$ 22,058
Component Unit: Foundation	\$ 140,653	\$ -	\$ -	\$ -
General revenues:				
Property tax levied for:				
General purposes				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Contributions and donations				
Other				
Increase in fair value of investments				
Total general revenues				

Transfers

Change in net position

Net position beginning of year

Net position end of year

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

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Foundation
\$ -	\$ (1,199)	\$ (1,199)	\$ -
-	(15,473)	(15,473)	-
-	(49,381)	(49,381)	-
(12,658,130)	(49,381)	(12,707,511)	-
-	-	-	(140,653)
\$ 4,099,251	\$ -	\$ 4,099,251	\$ -
490,719	-	490,719	-
132,161	-	132,161	-
1,300,527	-	1,300,527	-
7,811,086	-	7,811,086	-
39,324	1,197	40,521	401
-	-	-	108,434
149,706	-	149,706	-
-	-	-	450,000
14,022,774	1,197	14,023,971	558,835
5,347	(5,347)	-	-
1,369,991	(53,531)	1,316,460	418,182
19,420,559	302,940	19,723,499	1,613,299
<u>\$ 20,790,550</u>	<u>\$ 249,409</u>	<u>\$ 21,039,959</u>	<u>\$ 2,031,481</u>

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 8,448,611	\$ 6,388,868	\$ 515,216	\$ 15,352,695
Receivables:				
Property tax:				
Current year	36,151	10,781	3,953	50,885
Succeeding year	3,776,760	444,628	325,000	4,546,388
Income surtax	62,304	62,304	-	124,608
Accounts	2,640	-	4,762	7,402
Due from other governments	525,463	108,789	20	634,272
Prepaid expenses	-	-	22,999	22,999
	<hr/>			
Total assets	<u>\$ 12,851,929</u>	<u>\$ 7,015,370</u>	<u>\$ 871,950</u>	<u>\$ 20,739,249</u>

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021

	General	Capital Projects	Nonmajor	Total
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 161,188	\$ 934,651	\$ 14,866	\$ 1,110,705
Due to other governments	16,356	-	-	16,356
Salaries and benefits payable	1,313,702	-	-	1,313,702
Total liabilities	<u>1,491,246</u>	<u>934,651</u>	<u>14,866</u>	<u>2,440,763</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	3,776,760	444,628	325,000	4,546,388
Other	62,304	62,304	-	124,608
Total deferred inflows of resources	<u>3,839,064</u>	<u>506,932</u>	<u>325,000</u>	<u>4,670,996</u>
Fund balances:				
Nonspendable:				
Prepaid expenses	-	-	22,999	22,999
Restricted for:				
Categorical funding (note 10)	612,436	-	-	612,436
School infrastructure	-	3,803,270	-	3,803,270
Physical plant and equipment	-	1,770,517	-	1,770,517
Management levy purposes	-	-	387,423	387,423
Student activities	-	-	121,662	121,662
Assigned for special purposes	92,442	-	-	92,442
Unassigned	6,816,741	-	-	6,816,741
Total fund balances	<u>7,521,619</u>	<u>5,573,787</u>	<u>532,084</u>	<u>13,627,490</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,851,929</u>	<u>\$ 7,015,370</u>	<u>\$ 871,950</u>	<u>\$ 20,739,249</u>

See notes to financial statements.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 June 30, 2021

Total fund balances of governmental funds		\$ 13,627,490
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.		17,297,375
Other long-term assets, including income surtax receivable, are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		124,608
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	\$ 2,212,799
	Deferred inflows of resources	<u>(447,198)</u>
		1,765,601
Long-term liabilities, including bonds payable, compensated absences, net pension liability and total OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(12,024,524)</u>
Net position of governmental activities		<u>\$ 20,790,550</u>

See notes to financial statements.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2021

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 3,947,203	\$ 721,341	\$ 352,691	\$ 5,021,235
Tuition	445,816	-	-	445,816
Other	227,225	69,836	173,744	470,805
State sources	10,122,836	1,304,437	2,946	11,430,219
Federal sources	1,050,651	-	-	1,050,651
Total revenues	<u>15,793,731</u>	<u>2,095,614</u>	<u>529,381</u>	<u>18,418,726</u>
Expenditures:				
Current:				
Instruction	<u>10,107,258</u>	<u>27,556</u>	<u>232,161</u>	<u>10,366,975</u>
Support services:				
Student	506,251	-	1,706	507,957
Instructional staff	713,512	22,030	1,836	737,378
Administration	1,606,288	45,139	4,930	1,656,357
Operation and maintenance of plant	1,129,305	28,007	125,152	1,282,464
Transportation	274,194	190,620	32,070	496,884
	<u>4,229,550</u>	<u>285,796</u>	<u>165,694</u>	<u>4,681,040</u>
Non-instructional programs	<u>15</u>	<u>-</u>	<u>-</u>	<u>15</u>
Other expenditures:				
Facilities acquisition	-	2,164,167	-	2,164,167
Long term debt:				
Principal	-	-	614,000	614,000
Interest and fiscal charges	-	59,919	35,613	95,532
AEA flowthrough	605,424	-	-	605,424
	<u>605,424</u>	<u>2,224,086</u>	<u>649,613</u>	<u>3,479,123</u>
Total expenditures	<u>14,942,247</u>	<u>2,537,438</u>	<u>1,047,468</u>	<u>18,527,153</u>
Excess (deficiency) of revenues over (under) expenditures	<u>851,484</u>	<u>(441,824)</u>	<u>(518,087)</u>	<u>(108,427)</u>

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Other financing sources (uses):				
Sale of equipment	\$ 522	\$ -	\$ -	\$ 522
Compensation for loss of capital assets	101,758	-	-	101,758
Revenue bonds issued	-	3,750,000	-	3,750,000
Interfund transfers in (note 3)	5,347	36,618	664,313	706,278
Interfund transfers out (note 3)	(15,000)	(649,313)	(36,618)	(700,931)
Total other financing sources (uses)	<u>92,627</u>	<u>3,137,305</u>	<u>627,695</u>	<u>3,857,627</u>
Change in fund balances	944,111	2,695,481	109,608	3,749,200
Fund balances beginning of year	<u>6,577,508</u>	<u>2,878,306</u>	<u>422,476</u>	<u>9,878,290</u>
Fund balances end of year	<u>\$ 7,521,619</u>	<u>\$ 5,573,787</u>	<u>\$ 532,084</u>	<u>\$ 13,627,490</u>

See notes to financial statements.

## WEST LIBERTY COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021

Change in fund balances - total governmental funds \$ 3,749,200

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 expense in the Statement of Activities. The amounts of capital outlay expenditures and depreciation expense in the current year are as follows:

	Expenditures for capital assets	\$ 2,418,461	
	Depreciation expense	<u>(910,563)</u>	1,507,898

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. (336,902)

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 and does not affect the Statement of Activities. (3,750,000)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. 614,000

The current year District IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the Statement of Net Position. 17,134

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	4,035	
	Pension expense	(319,278)	
	OPEB expense	<u>(116,096)</u>	<u>(431,339)</u>

Change in net position of governmental activities \$ 1,369,991

See notes to financial statements.

## WEST LIBERTY COMMUNITY SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS

June 30, 2021

	School Nutrition	Nonmajor - Before and After School Program	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 441,275	\$ 4,567	\$ 445,842
Accounts receivable	-	1,265	1,265
Due from other governments	26,346	-	26,346
Inventories	7,642	-	7,642
Capital assets, net of accumulated depreciation (note 4)	56,103	-	56,103
Total assets	<u>531,366</u>	<u>5,832</u>	<u>537,198</u>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	46,138	8,905	55,043
OPEB related deferred outflows	26,191	-	26,191
Total deferred outflows of resources	<u>72,329</u>	<u>8,905</u>	<u>81,234</u>
<b>Liabilities</b>			
Accounts payable	69	-	69
Salaries and benefits payable	7,627	6,207	13,834
Unearned revenue	30,023	-	30,023
Net pension liability	207,016	39,962	246,978
Total OPEB liability	63,054	-	63,054
Total liabilities	<u>307,789</u>	<u>46,169</u>	<u>353,958</u>
<b>Deferred Inflows of Resources</b>			
Pension related deferred inflows	11,388	2,198	13,586
OPEB related deferred inflows	1,479	-	1,479
Total deferred inflows of resources	<u>12,867</u>	<u>2,198</u>	<u>15,065</u>
<b>Fund Net Position</b>			
Investment in capital assets	56,103	-	56,103
Unrestricted	226,936	(33,630)	193,306
Total fund net position	<u>\$ 283,039</u>	<u>\$ (33,630)</u>	<u>\$ 249,409</u>

See notes to financial statements.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
Year Ended June 30, 2021

	<u>School Nutrition</u>	<u>Nonmajor - Before and After School Program</u>	<u>Total</u>
Operating revenues:			
Local sources:			
Charges for services	\$ 8,008	\$ 59,140	\$ 67,148
Operating expenses:			
Instruction:			
Salaries	-	46,377	46,377
Benefits	-	45,385	45,385
Supplies	-	87	87
Support services:			
Administration:			
Purchased services	278	921	1,199
Non-instructional programs:			
Food service operations:			
Salaries	241,457	-	241,457
Benefits	101,412	-	101,412
Supplies	240,338	-	240,338
Depreciation	18,074	-	18,074
Other	17	-	17
Total operating expenses	<u>601,576</u>	<u>92,770</u>	<u>694,346</u>
Operating loss	(593,568)	(33,630)	(627,198)
Non-operating revenues:			
Interest on investments	1,197	-	1,197
Contributions	1,903	-	1,903
State sources	2,329	-	2,329
Federal sources	573,585	-	573,585
Total non-operating revenues	<u>579,014</u>	<u>-</u>	<u>579,014</u>
Loss before transfers	(14,554)	(33,630)	(48,184)

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2021

	School Nutrition	Nonmajor - Before and After School Program	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Transfers:			
Interfund transfers out	\$ (5,347)	\$ -	\$ (5,347)
Change in fund net position	(19,901)	(33,630)	(53,531)
Fund net position beginning of year	<u>302,940</u>	<u>-</u>	<u>302,940</u>
Fund net position end of year	<u>\$ 283,039</u>	<u>\$ (33,630)</u>	<u>\$ 249,409</u>

See notes to financial statements.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2021

	School Nutrition	Nonmajor - Before and After School Program	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 20,167	\$ -	\$ 20,167
Cash received from miscellaneous operating activities	1,479	57,875	59,354
Cash paid to employees for services	(351,947)	(52,300)	(404,247)
Cash paid to suppliers for goods or services	(209,820)	(1,008)	(210,828)
Net cash provided by (used by) operating activities	<u>(540,121)</u>	<u>4,567</u>	<u>(535,554)</u>
Cash flows from non-capital financing activities:			
Contributions received	1,903	-	1,903
State grants received	2,329	-	2,329
Federal grants received	545,618	-	545,618
Indirect costs transfer	(5,347)	-	(5,347)
Net cash provided by non-capital financing activities	<u>544,503</u>	<u>-</u>	<u>544,503</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	<u>(18,338)</u>	<u>-</u>	<u>(18,338)</u>
Cash flows from investing activities:			
Interest on investments	<u>1,197</u>	<u>-</u>	<u>1,197</u>
Net increase (decrease) in cash and cash equivalents	(12,759)	4,567	(8,192)
Cash and cash equivalents beginning of year	<u>454,034</u>	<u>-</u>	<u>454,034</u>
Cash and cash equivalents end of year	<u>\$ 441,275</u>	<u>\$ 4,567</u>	<u>\$ 445,842</u>

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2021

	<u>School Nutrition</u>	<u>Nonmajor - Before and After School Program</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided by (used by) operating activities:			
Operating loss	\$ (593,568)	\$ (33,630)	\$ (627,198)
Adjustments to reconcile operating loss to net cash provided by (used by) operating activities:			
Depreciation	18,074	-	18,074
Commodities used	39,827	-	39,827
(Increase) in accounts receivable	-	(1,265)	(1,265)
Decrease in inventories	11,400	-	11,400
(Decrease) in accounts payable	(20,414)	-	(20,414)
Increase (decrease) in salaries and benefits payable	(8,743)	6,207	(2,536)
Increase in unearned revenue	13,638	-	13,638
Increase in net pension liability	17,745	39,962	57,707
Increase in total OPEB liability	1,610	-	1,610
(Increase) decrease in deferred outflows of resources	3,913	(8,905)	(4,992)
Increase (decrease) in deferred inflows of resources	(23,603)	2,198	(21,405)
Net cash provided by (used by) operating activities	<u>\$ (540,121)</u>	<u>\$ 4,567</u>	<u>\$ (535,554)</u>

Non-cash financing activities:

During the year ended June 30, 2021, the District received \$39,827 of federal commodities.

See notes to financial statements.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

June 30, 2021

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
Assets:	
Cash and pooled investments	\$ <u>866</u>
Fiduciary Net Position:	
Restricted for scholarships	\$ <u><u>866</u></u>

See notes to financial statements.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
Year Ended June 30, 2021

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$ <u>287</u>	
Fiduciary net position beginning of year		<u>579</u>
Fiduciary net position end of year		<u>\$ 866</u>

See notes to financial statements.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1. Summary of Significant Accounting Policies

West Liberty Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and pre-kindergarten. The geographic area served includes the Cities of West Liberty, Atalissa, and Nichols, Iowa, and agricultural territory in Muscatine, Cedar, and Johnson Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, West Liberty Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. West Liberty Community School District has one component unit which meets the Governmental Accounting Standards Board criteria.

The financial statements present the West Liberty Community School District (the primary government) and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational or financial relationship with the District.

Discretely Presented Component Unit

The West Liberty Community School District Foundation (Foundation) was created to raise money through contributions and fundraisers to benefit the District. The Foundation is a separate legal entity with its own accounting records and board of trustees. The Foundation does not produce separately prepared financial statements. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented. The Foundation financial statements are shown on the Statement of Net Position and the Statement of Activities in separate columns. As explained in the Independent Auditor's Report, the Foundation financial statements have not been audited.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Muscatine and Cedar County Assessor's Conference Boards.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

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 three categories:

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

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the two 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.

The District reports the following major governmental funds:

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

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

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements and the 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 District considers revenues to be available if they are collected within 60 days after year end.

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

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

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

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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, in that order.

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 funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

For purposes of the Statement of Cash Flows, all short-term 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 receivable is recognized in the governmental funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. 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.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2020.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (continued)

Income Surtax Receivable – Income surtax budgeted for the fiscal year ended June 30, 2021 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred inflows of resources on the modified accrual basis for the governmental funds. For the government-wide statements, on the Statement of Activities the income surtax revenue is recognized.

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.

Prepaid Expenses – The District has paid for services that will not be a benefit until future periods. These amounts are reflected as a prepaid expenses asset in the financial statements.

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

Asset Class	Amount
Land	\$ 2,500
Buildings	25,000
Improvements other than buildings	25,000
Intangibles	50,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	20-50 years
Improvements other than buildings	15 years
Furniture and equipment	5-15 years

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity  
(continued)

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future period(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.

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.

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, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the District’s actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future period(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

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (continued)

soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivables 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 receivables that will not be recognized until the year for which it is levied and other unrecognized items not yet charged to pension and OPEB expense.

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

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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

Assigned – Amounts the Board of Education intends to use for specific purposes.

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, 2021, expenditures/expenses did not exceed the amounts budgeted.

Note 2. Cash and Pooled Investments

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

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

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 2. Cash and Pooled Investments (continued)

At June 30, 2021, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) as follows:

	Amortized Cost
Diversified Portfolio	\$ <u>971,199</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

Component Unit Investments – At June 30, 2021, the Foundation had the following investments:

<u>Investment</u>	<u>Fair Value</u>
Mutual Funds	\$ <u>1,918,473</u>

The District uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the Mutual Funds of \$1,918,473 was determined using the last reported sales price at current exchange rates. (Level 1 inputs)

Note 3. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 649,313
Capital Projects	Debt Service	36,618
Special Revenue: Student Activity	General	15,000
General	Enterprise: School Nutrition	<u>5,347</u>
		\$ <u>706,278</u>

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

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 4. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 609,723	\$ -	\$ -	\$ 609,723
Construction in progress	1,860,417	2,007,564	1,715,172	2,152,809
Total capital assets not being depreciated	<u>2,470,140</u>	<u>2,007,564</u>	<u>1,715,172</u>	<u>2,762,532</u>
Capital assets being depreciated:				
Buildings	25,941,832	1,889,221	-	27,831,053
Improvements other than buildings	1,696,931	-	-	1,696,931
Furniture and equipment	2,177,556	236,848	119,382	2,295,022
Total capital assets being depreciated	<u>29,816,319</u>	<u>2,126,069</u>	<u>119,382</u>	<u>31,823,006</u>
Less accumulated depreciation for:				
Buildings	13,420,620	709,011	-	14,129,631
Improvements other than buildings	1,466,021	40,938	-	1,506,959
Furniture and equipment	1,610,341	160,614	119,382	1,651,573
Total accumulated depreciation	<u>16,496,982</u>	<u>910,563</u>	<u>119,382</u>	<u>17,288,163</u>
Total capital assets being depreciated, net	<u>13,319,337</u>	<u>1,215,506</u>	<u>-</u>	<u>14,534,843</u>
Governmental activities capital assets, net	<u>\$ 15,789,477</u>	<u>\$ 3,223,070</u>	<u>\$ 1,715,172</u>	<u>\$ 17,297,375</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 388,639	\$ 18,338	\$ -	\$ 406,977
Less accumulated depreciation	332,800	18,074	-	350,874
Business-type activities capital assets, net	<u>\$ 55,839</u>	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ 56,103</u>

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction \$ 17,212

Support services:

Administration 572

Operation and maintenance of plant 6,410

Transportation 96,234

120,428

Unallocated depreciation 790,135

Total depreciation expense - governmental activities \$ 910,563

Business-type activities:

Food service operations \$ 18,074

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
Revenue bonds - direct placement	\$ -	\$ 3,750,000	\$ 614,000	\$ 3,136,000	\$ -
Compensated absences	44,938	40,903	44,938	40,903	40,903
Net pension liability	6,448,644	1,147,413	-	7,596,057	-
Total OPEB liability	<u>1,155,791</u>	<u>95,773</u>	<u>-</u>	<u>1,251,564</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 7,649,373</u></b>	<b><u>\$ 5,034,089</u></b>	<b><u>\$ 658,938</u></b>	<b><u>\$ 12,024,524</u></b>	<b><u>\$ 40,903</u></b>
	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Business-type activities:</b>					
Net pension liability	\$ 189,271	\$ 57,707	\$ -	\$ 246,978	\$ -
Total OPEB liability	<u>61,444</u>	<u>1,610</u>	<u>-</u>	<u>63,054</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 250,715</u></b>	<b><u>\$ 59,317</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 310,032</u></b>	<b><u>\$ -</u></b>

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 5. Long-Term Liabilities (continued)

Revenue Bonds – Direct Placement

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

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2022	1.13 %	\$ -	\$ 17,718	\$ 17,718
2023	1.13	614,000	31,968	645,968
2024	1.13	620,000	24,996	644,996
2025	1.13	627,000	17,950	644,950
2026	1.13	634,000	10,825	644,825
2027	1.13	641,000	3,622	644,622
		<u>\$ 3,136,000</u>	<u>\$ 107,079</u>	<u>\$ 3,243,079</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,750,000 bonds issued in September 2020. The bonds were issued for the purpose of financing a portion of the costs of a middle school addition. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2026. The bonds are not a general obligation of the District and the debt is not subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 50 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$3,243,079. For the current year, principal of \$614,000 and interest of \$35,313 was paid on the bonds and total statewide sales, services and use tax revenues were \$1,300,527.

Note 6. Pension Plan

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

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 6. Pension Plan (continued)

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 that 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 that the member receives benefits before age 65.

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2021 totaled \$854,521.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 6. Pension Plan (continued)

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the District reported a liability of \$7,843,035 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the District’s proportion was 0.111649 percent, which was a decrease of 0.002982 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$1,187,712. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,664	\$ 185,900
Changes of assumptions	402,580	-
Net difference between projected and actual earnings on IPERS' investments	440,903	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	41,299	245,532
District contributions subsequent to the measurement date	854,521	-
Total	\$ 1,747,967	\$ 431,432

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 6. Pension Plan (continued)

\$854,521 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ 72,880
2023	95,330
2024	88,279
2025	215,716
2026	<u>(10,191)</u>
Total	<u>\$ 462,014</u>

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

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

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

Mortality rates 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:

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 6. Pension Plan (continued)

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	22.0%	4.43%
International Equity	17.5%	5.15
Global Smart Beta Equity	6.0%	4.87
Core Plus Fixed Income	28.0%	(0.29)
Public Credit	4.0%	2.29
Cash	1.0%	(0.78)
Private Equity	11.0%	6.54
Private Real Assets	7.5%	4.48
Private Credit	3.0%	3.11
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS’ fiduciary net position was projected to be available to make all projected future benefit payments 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 that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$ 13,077,599	\$ 7,843,035	\$ 3,453,933

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).

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 7. Other Postemployment Benefits (OPEB)

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	10
Active employees	<u>169</u>
 Total	 <u><u>179</u></u>

Total OPEB Liability – The District’s total OPEB liability of \$1,314,618 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

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

Rate of inflation (effective June 30, 2021)	2.50% per annum.
Rates of salary increase (effective June 30, 2021)	4.00% per annum.
Discount rate (effective June 30, 2021)	2.18% per annum.
Healthcare cost trend rate (effective June 30, 2021)	6.00% initial rate decreasing by approximately .1% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.18% 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 RP-2014 combined annuitant mortality table for males and females. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 7. Other Postemployment Benefits (OPEB) (continued)

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ <u>1,217,235</u>
Changes for the year:	
Service cost	108,726
Interest	31,227
Changes in assumptions	44,027
Benefit payments	<u>(86,597)</u>
Net changes	<u>97,383</u>
Total OPEB liability end of year	\$ <u><u>1,314,618</u></u>

Changes of assumptions reflect a change in the discount rate from 2.66% in fiscal year 2020 to 2.18% in fiscal year 2021.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.18%) or 1% higher (3.18%) than the current discount rate.

	1% Decrease (1.18%)	Discount Rate (2.18%)	1% Increase (3.18%)
Total OPEB Liability	\$ 1,417,527	\$ 1,314,618	\$ 1,219,477

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

	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB Liability	\$ 1,169,474	\$ 1,314,618	\$ 1,489,420

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 7. Other Postemployment Benefits (OPEB) (continued)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the District recognized OPEB expense of \$206,748. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 186,195	\$ 6,948
Changes of assumptions	359,871	23,883
Total	\$ 546,066	\$ 30,831

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2022	\$ 66,796
2023	66,796
2024	66,796
2025	66,796
2026	66,796
Thereafter	181,255
Total	\$ 515,235

Note 8. 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.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$605,424 for the year ended June 30, 2021 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 10. Categorical Funding

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

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

Program	Amount
Home school assistance program	\$ 3,642
Gifted and talented programs	66,309
Returning dropouts and dropout prevention programs	59,550
Teacher leadership state aid	273,322
Teacher salary supplement	1,031
Early intervention supplement	181
Successful progression for early readers	65,769
Professional development for model core curriculum	19,278
Teacher development academies	3,914
Professional development	119,440
Total	\$ 612,436

Note 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.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 11. Tax Abatements (continued)

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.

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2021 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of West Liberty	Urban renewal and economic development projects	\$ 23,673

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, 2021, this reimbursement amounted to \$11,369.

Note 12. Construction Commitments

The District has entered into a contract totaling \$2,307,323 for a middle school addition. As of June 30, 2021, costs of \$1,673,989 had been incurred against the contract. The balance of \$633,334 remaining at June 30, 2021 will be paid as work on the project progresses.

Note 13. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity. The implementation had no effect on West Liberty Community School District's net position for fiduciary funds.

Note 14. Subsequent Event

In February 2022, the District approved the issuance of \$5,345,000 of school infrastructure sales, services and use tax revenue bonds to finance the remodeling and new construction of academic improvements at the elementary school building. The bonds will be payable through the year ending June 30, 2036 with an interest rate of 3%.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 15. COVID-19

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

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

Note 16. Prospective Accounting Change

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

Required Supplementary Information

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year Ended June 30, 2021

	Governmental Funds - Actual	Proprietary Funds - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
<b>REVENUES:</b>						
Local sources	\$ 5,937,856	\$ 70,248	\$ 6,008,104	\$ 6,073,325	\$ 6,073,325	\$ (65,221)
State sources	11,430,219	2,329	11,432,548	11,691,629	11,691,629	(259,081)
Federal sources	1,050,651	573,585	1,624,236	1,223,395	1,223,395	400,841
<b>Total revenues</b>	<b>18,418,726</b>	<b>646,162</b>	<b>19,064,888</b>	<b>18,988,349</b>	<b>18,988,349</b>	<b>76,539</b>
<b>EXPENDITURES/EXPENSES:</b>						
Instruction	10,366,975	91,849	10,458,824	10,725,392	11,132,151	673,327
Support services	4,681,040	1,199	4,682,239	4,906,697	4,906,697	224,458
Non-instructional programs	15	601,298	601,313	819,834	819,834	218,521
Other expenditures	3,479,123	-	3,479,123	3,560,218	4,225,309	746,186
<b>Total expenditures/expenses</b>	<b>18,527,153</b>	<b>694,346</b>	<b>19,221,499</b>	<b>20,012,141</b>	<b>21,083,991</b>	<b>1,862,492</b>
Excess (deficiency) of revenues over (under) expenditures/ expenses	(108,427)	(48,184)	(156,611)	(1,023,792)	(2,095,642)	1,939,031
Other financing sources (uses), net	3,857,627	(5,347)	3,852,280	2,368,305	2,368,305	1,483,975
Change in fund balances	3,749,200	(53,531)	3,695,669	1,344,513	272,663	3,423,006
Balance beginning of year	9,878,290	302,940	10,181,230	7,201,435	7,201,435	2,979,795
Balance end of year	\$ <u>13,627,490</u>	\$ <u>249,409</u>	\$ <u>13,876,899</u>	\$ <u>8,545,948</u>	\$ <u>7,474,098</u>	\$ <u>6,402,801</u>

See accompanying independent auditor's report.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING  
Year Ended June 30, 2021

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary 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 internal service, 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/expenses known as functions, not by fund or fund type. 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 that 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/expenses by \$1,071,850.

During the year ended June 30, 2021, expenditures/expenses did not exceed the amounts budgeted.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Seven Years\*  
(In Thousands)

Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.111649%	0.114631%	0.117975%	0.118009%
District's proportionate share of the net pension liability	\$ 7,843	\$ 6,638	\$ 7,466	\$ 7,681
District's covered payroll	\$ 8,838	\$ 8,725	\$ 8,868	\$ 8,810
District's proportionate share of the net pension liability as a percentage of its covered payroll	88.74%	76.08%	84.19%	89.23%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%

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

See accompanying independent auditor's report.

	<u>2017</u>		<u>2016</u>		<u>2015</u>
	0.115597%		0.114085%		0.116027%
\$	7,275	\$	5,636	\$	4,602
\$	8,296	\$	7,816	\$	7,592
	87.69%		72.11%		60.62%
	81.82%		85.19%		87.61%

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

Schedule of District Contributions

Iowa Public Employees' Retirement System  
Last Ten Fiscal Years  
(In Thousands)

Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 854	\$ 834	\$ 824	\$ 792
Contributions in relation to the statutorily required contribution	<u>(854)</u>	<u>(834)</u>	<u>(824)</u>	<u>(792)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,052	\$ 8,838	\$ 8,725	\$ 8,868
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	8.93%

See accompanying independent auditor's report.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 787	\$ 741	\$ 698	\$ 678	\$ 654	\$ 574
<u>(787)</u>	<u>(741)</u>	<u>(698)</u>	<u>(678)</u>	<u>(654)</u>	<u>(574)</u>
<u>\$ -</u>					
\$ 8,810	\$ 8,296	\$ 7,816	\$ 7,592	\$ 7,545	\$ 7,118
8.93%	8.93%	8.93%	8.93%	8.67%	8.07%

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY  
Year Ended June 30, 2021

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.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes  
For the Last Four Years

Required Supplementary Information

	2021	2020	2019	2018
Service cost	\$ 108,726	\$ 99,894	\$ 57,924	\$ 57,925
Interest	31,227	26,164	17,856	16,015
Differences between expected and actual experience	-	233,441	-	(18,369)
Changes in assumptions	44,027	63,379	353,232	-
Benefit payments	(86,597)	(83,094)	(9,639)	(10,770)
Net change in total OPEB liability	97,383	339,784	419,373	44,801
Total OPEB liability beginning of year	1,217,235	877,451	458,078	413,277
Total OPEB liability end of year	<u>\$ 1,314,618</u>	<u>\$ 1,217,235</u>	<u>\$ 877,451</u>	<u>\$ 458,078</u>
Covered-employee payroll	\$ 8,447,584	\$ 7,797,122	\$ 7,891,184	\$ 8,215,679
Total OPEB liability as a percentage of covered-employee payroll	15.56%	15.61%	11.12%	5.58%

See accompanying independent auditor's report.

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2021	2.18%
Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.13%
Year ended June 30, 2018	3.72%
Year ended June 30, 2017	3.72%

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Supplementary Information

## WEST LIBERTY COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2021

	<u>Special Revenue</u>		
	<u>Management</u>	<u>Student</u>	
	Levy	Activity	<u>Total</u>
Assets			
Cash and pooled investments	\$ 383,470	\$ 131,746	\$ 515,216
Receivables:			
Property tax:			
Current year	3,953	-	3,953
Succeeding year	325,000	-	325,000
Accounts	-	4,762	4,762
Due from other governments	-	20	20
Prepaid expenses	22,999	-	22,999
Total assets	<u>\$ 735,422</u>	<u>\$ 136,528</u>	<u>\$ 871,950</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 14,866	\$ 14,866
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	325,000	-	325,000
Fund balances:			
Nonspendable:			
Prepaid expenses	22,999	-	22,999
Restricted for:			
Management levy purposes	387,423	-	387,423
Student activities	-	121,662	121,662
Total fund balances	<u>410,422</u>	<u>121,662</u>	<u>532,084</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 735,422</u>	<u>\$ 136,528</u>	<u>\$ 871,950</u>

See accompanying independent auditor's report.

## WEST LIBERTY COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2021

	Special Revenue		Debt Service	Total
	Management Levy	Student Activity		
Revenues:				
Local sources:				
Local tax	\$ 352,691	\$ -	\$ -	\$ 352,691
Other	778	172,941	25	173,744
State sources	2,946	-	-	2,946
Total revenues	<u>356,415</u>	<u>172,941</u>	<u>25</u>	<u>529,381</u>
Expenditures:				
Current:				
Instruction	58,286	173,875	-	232,161
Support services:				
Student	1,706	-	-	1,706
Instructional staff	1,153	683	-	1,836
Administration	4,480	450	-	4,930
Operation and maintenance of plant	105,258	19,894	-	125,152
Transportation	29,934	2,136	-	32,070
Other expenditures:				
Long term debt:				
Principal	-	-	614,000	614,000
Interest and fiscal charges	-	-	35,613	35,613
Total expenditures	<u>200,817</u>	<u>197,038</u>	<u>649,613</u>	<u>1,047,468</u>
Excess (deficiency) of revenues over (under) expenditures	155,598	(24,097)	(649,588)	(518,087)
Other financing sources (uses):				
Interfund transfers in	-	15,000	649,313	664,313
Interfund transfers out	-	-	(36,618)	(36,618)
Total other financing sources (uses)	<u>-</u>	<u>15,000</u>	<u>612,695</u>	<u>627,695</u>
Change in fund balances	155,598	(9,097)	(36,893)	109,608
Fund balances beginning of year	<u>254,824</u>	<u>130,759</u>	<u>36,893</u>	<u>422,476</u>
Fund balances end of year	<u>\$ 410,422</u>	<u>\$ 121,662</u>	<u>\$ -</u>	<u>\$ 532,084</u>

See accompanying independent auditor's report.

## WEST LIBERTY COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUND ACCOUNTS  
June 30, 2021

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 4,622,778	\$ 1,766,090	\$ 6,388,868
Receivables:			
Property tax:			
Current year	-	10,781	10,781
Succeeding year	-	444,628	444,628
Income surtax	-	62,304	62,304
Due from other governments	108,789	-	108,789
 Total assets	 \$ 4,731,567	 \$ 2,283,803	 \$ 7,015,370
 Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 928,297	\$ 6,354	\$ 934,651
 Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	444,628	444,628
Other	-	62,304	62,304
Total deferred inflows of resources	-	506,932	506,932
 Fund balances:			
Restricted for:			
School infrastructure	3,803,270	-	3,803,270
Physical plant and equipment	-	1,770,517	1,770,517
Total fund balances	3,803,270	1,770,517	5,573,787
 Total liabilities, deferred inflows of resources and fund balances	 \$ 4,731,567	 \$ 2,283,803	 \$ 7,015,370

See accompanying independent auditor's report.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUND ACCOUNTS  
 Year Ended June 30, 2021

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	\$ 721,341	\$ 721,341
Other	28,996	40,840	69,836
State sources	<u>1,300,527</u>	<u>3,910</u>	<u>1,304,437</u>
Total revenues	<u>1,329,523</u>	<u>766,091</u>	<u>2,095,614</u>
Expenditures:			
Current:			
Instruction	-	27,556	27,556
Support services:			
Instructional staff	22,030	-	22,030
Administration	-	45,139	45,139
Operation and maintenance of plant	25,999	2,008	28,007
Transportation	2,370	188,250	190,620
Other expenditures:			
Facilities acquisition	1,957,646	206,521	2,164,167
Long-term debt:			
Interest and fiscal charges	59,919	-	59,919
Total expenditures	<u>2,067,964</u>	<u>469,474</u>	<u>2,537,438</u>
Excess (deficiency) of revenues over (under) expenditures	(738,441)	296,617	(441,824)
Other financing sources (uses):			
Revenue bonds issued	3,750,000	-	3,750,000
Interfund transfers in	-	36,618	36,618
Interfund transfers out	(649,313)	-	(649,313)
Total other financing sources (uses)	<u>3,100,687</u>	<u>36,618</u>	<u>3,137,305</u>
Change in fund balances	2,362,246	333,235	2,695,481
Fund balances beginning of year	<u>1,441,024</u>	<u>1,437,282</u>	<u>2,878,306</u>
Fund balances end of year	<u>\$ 3,803,270</u>	<u>\$ 1,770,517</u>	<u>\$ 5,573,787</u>

See accompanying independent auditor's report.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2021

Account	Balance Beginning of Year	Revenues/ Interfund Transfers In	Expenditures	Intrafund Transfers	Balance End of Year
District Wide:					
Miscellaneous	\$ 285	\$ 2,584	\$ 102	\$ (2,480)	\$ 287
Athletic Booster Club Donations	2,437	8,677	7,573	-	3,541
Fine Arts Booster Donations	264	2,920	2,920	-	264
Interest	-	350	-	(350)	-
Elementary:					
Student Council	1,045	-	-	-	1,045
Yearbook	584	-	-	-	584
Middle School:					
Musical	3,786	-	-	-	3,786
Athletics	-	-	50	50	-
Cross Country	-	-	20	20	-
Boys Basketball	-	1,476	1,604	128	-
Football	-	1,295	1,275	(20)	-
Boys Track	-	612	173	(439)	-
Girls Basketball	-	225	655	430	-
Volleyball	-	1,549	-	(1,549)	-
Softball	-	102	334	232	-
Girls Track	-	-	248	248	-
Eighth Grade	500	-	-	-	500
Seventh Grade	250	-	-	-	250
Student Council	2,957	55	1,062	-	1,950
High School:					
Drama	2,463	40	51	-	2,452
Vocal Music	-	-	43	43	-
Mariachi Band	-	7,550	7,296	-	254
Athletics	1,724	17,363	5,168	(13,919)	-
HS FB, BB, WR Fundraiser	232	8,091	1,790	(6,000)	533
Cross Country	2,916	1	740	665	2,842
HS Cheerleading	3,617	646	2,799	-	1,464
Dance Team	4,068	-	610	-	3,458
Boys Basketball	10,940	3,321	6,499	3,429	11,191
Football	4,642	17,609	23,108	857	-
Boys Soccer	16	5,514	13,976	8,462	16
Baseball	2,570	6,626	6,838	1,144	3,502
Boys Track	11	1,378	4,103	2,725	11
Boys Golf	395	840	1,129	709	815
Wrestling	2,578	4,328	11,315	5,716	1,307

WEST LIBERTY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2021

Account	Balance Beginning of Year	Revenues/ Interfund Transfers In	Expenditures	Intrafund Transfers	Balance End of Year
High School (continued):					
Girls Basketball	\$ 2,413	\$ 14,683	\$ 16,753	\$ 3,412	\$ 3,755
Volleyball	2,851	9,621	6,496	3,054	9,030
Girls Soccer	2,380	6,692	2,726	694	7,040
Softball	1,488	1,896	2,975	1,072	1,481
Girls Track	1,042	2,267	4,335	2,068	1,042
Girls Golf	4,983	824	2,703	1,109	4,213
Juniors	1,536	2,180	1,655	(675)	1,386
Sophomores	861	-	-	(361)	500
Freshmen	-	-	-	500	500
FCCLA	174	-	-	-	174
FFA	32,339	42,058	34,126	(5,598)	34,673
Greenhouse	22,415	13,653	22,029	(6,150)	7,889
Anime	65	-	-	-	65
Trapshooting	100	-	-	-	100
IT Club	24	-	-	-	24
Interact Club	2,839	-	-	-	2,839
Tri-M Honor Society	417	-	-	-	417
National Honor Society	188	330	1,259	741	-
Student Council	4,677	-	370	-	4,307
Yearbook	1,201	585	42	-	1,744
Science Club	55	-	88	33	-
GSA Club	431	-	-	-	431
<b>Total</b>	<b>\$ 130,759</b>	<b>\$ 187,941</b>	<b>\$ 197,038</b>	<b>\$ -</b>	<b>\$ 121,662</b>

See accompanying independent auditor's report.

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

	Modified Accrual Basis Years Ended June 30,			
	2021	2020	2019	2018
<b>Revenues:</b>				
Local sources:				
Local tax	\$ 5,021,235	\$ 5,701,706	\$ 5,701,006	\$ 5,763,190
Tuition	445,816	438,040	399,378	319,803
Other	470,805	608,198	433,108	556,283
State sources	11,430,219	11,671,902	11,815,485	10,738,521
Federal sources	1,050,651	633,198	694,885	702,519
<b>Total revenues</b>	<b>\$ 18,418,726</b>	<b>\$ 19,053,044</b>	<b>\$ 19,043,862</b>	<b>\$ 18,080,316</b>
<b>Expenditures:</b>				
Instruction	\$ 10,366,975	\$ 9,673,975	\$ 10,043,241	\$ 10,121,469
Support services:				
Student	507,957	472,099	451,108	415,415
Instructional staff	737,378	763,749	688,743	737,953
Administration	1,656,357	1,653,665	1,609,228	1,513,562
Operation and maintenance of plant	1,282,464	1,266,984	1,140,238	1,044,917
Transportation	496,884	300,292	340,970	413,465
Non-instructional programs	15	1,429	3,990	3,587
Other expenditures:				
Facilities acquisition	2,164,167	1,158,138	979,243	495,797
Long-term debt:				
Principal	614,000	680,000	1,265,000	2,660,000
Interest and fiscal charges	95,532	21,230	56,222	156,305
AEA flowthrough	605,424	605,602	606,978	560,065
<b>Total expenditures</b>	<b>\$ 18,527,153</b>	<b>\$ 16,597,163</b>	<b>\$ 17,184,961</b>	<b>\$ 18,122,535</b>

See accompanying independent auditor's report.

	2017	2016	2015	2014	2013	2012
\$	5,702,021	\$ 5,412,825	\$ 5,295,362	\$ 5,026,221	\$ 5,713,085	\$ 5,309,282
	213,512	180,005	140,536	152,447	136,459	155,696
	544,251	610,606	524,176	474,035	830,538	526,493
	10,031,722	9,243,740	9,044,328	8,971,036	7,757,629	7,524,929
	685,274	673,288	621,400	605,322	1,022,472	897,416
\$	<u>17,176,780</u>	<u>\$ 16,120,464</u>	<u>\$ 15,625,802</u>	<u>\$ 15,229,061</u>	<u>\$ 15,460,183</u>	<u>\$ 14,413,816</u>
\$	9,984,631	\$ 9,491,041	\$ 8,769,276	\$ 8,527,311	\$ 8,672,035	\$ 8,448,306
	311,967	317,389	291,771	311,399	336,271	353,792
	846,801	752,249	688,339	650,899	610,724	511,188
	1,563,291	1,515,170	1,430,051	1,387,133	1,315,572	1,237,274
	993,118	1,073,831	994,665	985,252	882,928	822,642
	414,565	439,305	405,769	430,303	342,649	374,515
	968	1,787	1,786	1,601	1,513	1,257
	386,639	328,237	218,395	533,869	1,437,973	319,191
	1,300,000	985,000	965,000	915,000	745,000	2,005,000
	180,302	209,890	237,500	263,132	275,776	395,687
	520,939	503,917	491,424	475,003	465,507	446,757
\$	<u>16,503,221</u>	<u>\$ 15,617,816</u>	<u>\$ 14,493,976</u>	<u>\$ 14,480,902</u>	<u>\$ 15,085,948</u>	<u>\$ 14,915,609</u>

WEST LIBERTY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2021

Grantor / Program	Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program (non-cash)	10.555	6975-21	\$ 39,827
COVID-19 - National School Lunch Program	10.555	6975-21	50,981
			<u>90,808</u>
Summer Food Service Program for Children	10.559	6975-21	473,628
			<u>564,436</u>
Child and Adult Care Food Program	10.558	6975-21	2,091
Child Nutrition Discretionary Grants Limited Availability	10.579	6975-21	7,058
U. S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	6975-21 G	117,241
Title I Grants to Local Educational Agencies	84.010	6975-21 GC	67,305
Title I Grants to Local Educational Agencies	84.010	6975-21 SINA	5,892
			<u>190,438</u>
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	6975-21	34,191
Student Support and Academic Enrichment Program	84.424	6975-21	23,208
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act (CARES) Cluster:			
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	6975-21	70,000
COVID-19 Elementary and Secondary School Relief (ESSER I) Funds	84.425D	6975-21	187,683
COVID-19 Elementary and Secondary School Relief (ESSER II) Funds	84.425D	6975-21	248,594
COVID-19 Elementary and Secondary School Relief (ESSER III) Funds	84.425U	6975-21	57,289
			<u>563,566</u>

WEST LIBERTY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2021

<u>Grantor / Program</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
U. S. Department of Education (continued):			
Mississippi Bend Area Education Agency:			
Special Education Cluster:			
Special Education Grants to States	84.027	FY21	\$ <u>65,376</u>
Career and Technical Education - Basic Grants to States	84.048	FY21	<u>3,855</u>
English Language Acquisition State Grants	84.365	FY21	<u>4,341</u>
U. S. Department of Health and Human Services:			
Community Action of Eastern Iowa:			
Head Start	93.600	FY21	<u>98,560</u>
<b>Total</b>			<b>\$ <u><u>1,557,120</u></u></b>

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of West Liberty Community School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of West Liberty Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of West Liberty 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 - West Liberty Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

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

We have audited 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 Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Liberty Community School District as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 3, 2022. We disclaimed an opinion on the discretely presented component unit and expressed unmodified opinions on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

Internal Control Over Financial Reporting

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

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

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

Compliance

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

West Liberty Community School District's Responses to the Findings

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

Purpose of this Report

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

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

*Hunt & Associates, P.C.*

Oskaloosa, Iowa  
March 3, 2022

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited West Liberty Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. West Liberty Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, West Liberty Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

In planning and performing our audit of compliance, we considered West Liberty Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Liberty Community School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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.

*Hunt & Associates, P.C.*

Oskaloosa, Iowa  
March 3, 2022

WEST LIBERTY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

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

- (a) We disclaimed an opinion on the discretely presented component unit and issued unmodified opinions on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.
- (b) A material weakness in internal control over financial reporting was reported.
- (c) The audit did not report any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were reported.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were 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) West Liberty Community School District did not qualify as a low-risk auditee.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

II-A-21 Financial Reporting  
(2021-001)

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 Capital Projects Fund payables and Management Levy Fund prepaid expenses 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 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 payables and prepaid expenses are identified and included in the District’s financial statements.

Response – We will implement procedures to double check these in the future to avoid missing any payables or prepaid expenses.

Conclusion – Response accepted.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-21 Certified Budget – Expenditures/expenses for the year ended June 30, 2021, did not exceed amounts budgeted.
- IV-B-21 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.
- IV-C-21 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-21 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-21 Restricted Donor Activity – No transactions were noted between the District, District officials, or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- IV-F-21 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- IV-G-21 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-H-21 Certified Enrollment – The number of basic resident students reported to the Iowa Department of Education on line 7 of the Certified Enrollment Certification Form for October 2020 was overstated by 0.22 due to one student who was funded for English language learner (ELL) but was not in the ELL program as of the official count date.
- Recommendation – The Iowa Department of Education and the Iowa Department of Management should be contacted to resolve this matter.
- Response – The Iowa Department of Education and Iowa Department of Management have been contacted by our auditors regarding this.
- Conclusion – Response accepted.
- IV-I-21 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-J-21 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- IV-K-21 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and, except as discussed in item II-A-21, we noted no significant deficiencies in the amounts reported.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

Part IV: Other Findings Related to Statutory Reporting (continued):

- IV-L-21 Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- IV-M-21 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2021, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Beginning balance		\$ 1,441,024
Revenues/other financing sources:		
Interest	\$ 13,996	
Other local revenues	15,000	
Statewide sales, services and use tax	1,300,527	
Issuance of long-term debt	<u>3,750,000</u>	5,079,523
Expenditures/transfers out:		
School infrastructure construction	1,949,537	
Equipment	30,628	
Other	87,799	
Transfers to other funds:		
Debt Service Fund	<u>649,313</u>	<u>2,717,277</u>
Ending balance		<u>\$ 3,803,270</u>

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

- IV-N-21 Financial Condition – At June 30, 2021, the governmental activities and the Enterprise, Before and After School Program Fund had deficit unrestricted net positions of \$151,436 and \$33,630, respectively. These deficit balances were caused by the recognition of the District’s proportionate share of the IPERS pension liability and the related deferred outflows of resources and deferred inflows of resources in the District’s financial statements.

Recommendation – Even though the deficits arose due to the net pension liability, deferred outflows of resources, and deferred inflows of resources, the District should investigate ways to return the governmental activities and the Before and After School Program Fund to sound financial conditions.

WEST LIBERTY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

Part IV: Other Findings Related to Statutory Reporting (continued):

IV-N-21 Financial Condition (continued)

Response - We are unsure of what steps can be taken at this time to alleviate the strain of the District's proportionate share of the IPERS liability and the related deferred outflows of resources and deferred inflows of resources since actions related to this area are controlled by the Iowa Legislature. However, we will look into this situation and investigate ways to return the governmental activities and the Before and After School Program Fund to sound financial conditions.

Conclusion – Response accepted.