

**Bondurant-Farrar Community
School District
Bondurant, Iowa**

Financial and Compliance Report
Year Ended June 30, 2022

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Bondurant-Farrar Community School District

**Board of Education and School District Administration
Year Ended June 30, 2022**

Board of Education

	Title	Term Expires
Kristn Swift	President	2025
Staci Sanny	Vice President	2023
Chris Freese	Director	2023
Garry Lenhart	Director	2025
Sue Ugolini	Director	2023

School District Administration

Rich Powers	Superintendent
Cari Aylsworth	Board Secretary

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Independent Auditor's Report

To the Board of Education
Bondurant-Farrar Community School District
Bondurant, Iowa

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 16 to the financial statements, Bondurant-Farrar Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, *Leases*. As a result, June 30, 2021 governmental activities net position is restated by \$13,688. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the district's proportionate share of the net pension liability and schedules of contributions for the Iowa Public Employee's Retirement System and schedule of changes in the District's total OPEB liability and related ratios, and budgetary comparison information, on pages 4–15 and 58-67 be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information

and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bondurant-Farrar Community School District's basic financial statements. The supplementary information, as listed in the table of contents and the Schedule of Expenditures of Federal Awards as 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), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The District's basic financial statements for the years ended June 30, 2013 through 2021, which are not presented herein, were audited by other auditors whose report thereon dated February 15, 2022 expressed unmodified opinions on the basic financial statements. Their report on the Schedule of Revenues by Source and Expenditures by Function for the years ended June 30, 2013 through 2021 stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements as a whole for the years ended June 30, 2013 through 2021 taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2023 on our consideration of the Bondurant-Farrar Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bondurant-Farrar Community School 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 Bondurant-Farrar Community School District's internal control over financial reporting and compliance.

Bohnsack & Frommelt LLP

Moline, Illinois
March 21, 2023

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Bondurant-Farrar Community School District

Management's Discussion and Analysis Year Ended June 30, 2022

Bondurant-Farrar Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2022. We encourage readers to consider this information in conjunction with the District's financial statements, which follow:

2022 FINANCIAL HIGHLIGHTS

- The District's overall financial position has increased from the prior year. The District showed an increase in net position of \$8,786,678 during the year ended June 30, 2022.
- Total revenues for the fiscal year ended June 30, 2022 and 2021 of \$39,013,515 and \$35,304,255 were comprised of general revenues in the amount of \$28,692,787 and \$27,053,886 and program revenues totaling \$10,320,728 and \$8,250,369, respectively.
- The District's General Fund balance increased by \$982,786, the unassigned fund balance decreased by \$1,061,194, committed fund balance increased \$2,000,000, and the nonspendable/ restricted/ assigned fund balance increased by \$43,980.

USING THIS ANNUAL REPORT

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

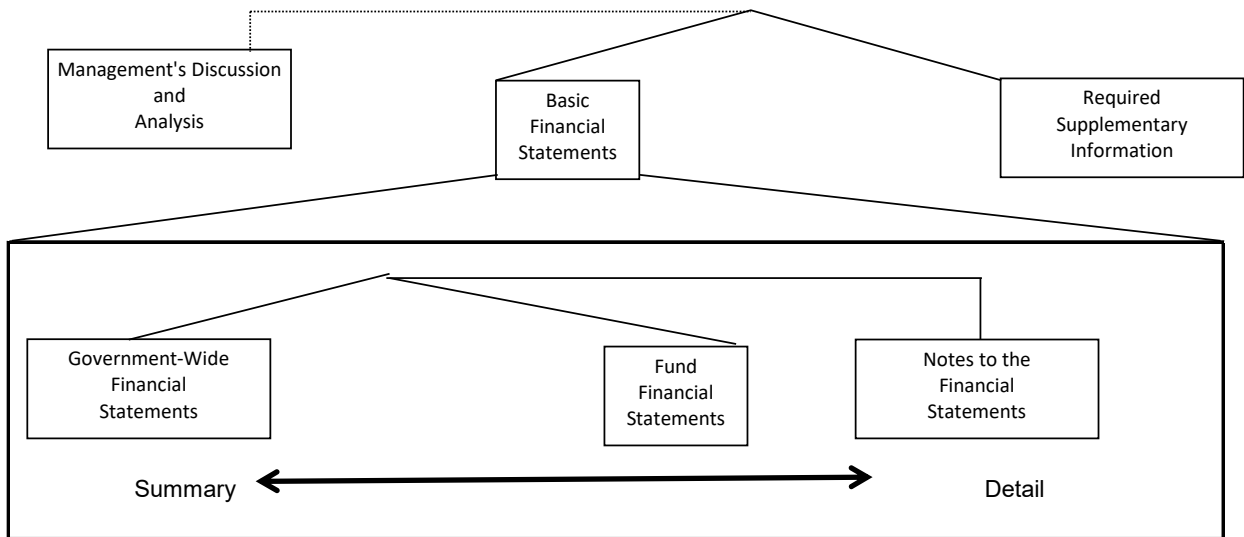
- Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The government-wide financial statements consist of a statement of net position and a statement of activities. These provide information about the activities of Bondurant-Farrar 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 Bondurant-Farrar 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 Bondurant-Farrar Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.
- 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, as well as presenting the schedule of the District's total OPEB liability and related ratios, and the District's proportionate share of net pension liability and related pension contributions.
- Other supplementary information provides detailed information about the nonmajor funds.

Bondurant-Farrar Community School District

**Management's Discussion and Analysis
Year Ended June 30, 2022**

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

Figure A-1
Bondurant-Farrar Community School District Annual Financial Report



Bondurant-Farrar Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2022**

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

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
Government-Wide Statements		Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and child care	Instances in which the District administers resources on behalf of someone else, such as scholarship programs, and student activities monies
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and deferred outflow of resources/ liability and deferred inflow of resources information	All assets, deferred outflows of resources and liabilities and deferred inflows of resources, 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, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the 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

Bondurant-Farrar Community School District

Management's Discussion and Analysis Year Ended June 30, 2022

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-Wide Financial Statements

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

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

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

- **Governmental activities.** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes 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, child care, and student construction programs are included here.

Fund Financial Statements

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

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

The District has two kinds of funds:

Governmental funds. Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial position 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. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information in the reconciliations following each of the governmental fund statements explains the relationship or differences between the two statements.

Bondurant-Farrar Community School District

Management's Discussion and Analysis Year Ended June 30, 2022

The District's governmental funds include the General Fund, Capital Projects Fund, and Debt Service Fund, and nonmajor funds including the Management Fund and Student Activity Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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 District-wide statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund, and the Student Construction Class Fund. The District uses internal service funds, the other kind of proprietary fund, to report activities that provide supplies and services for its other programs and activities. The District currently has one internal service fund.

The required financial statements for proprietary funds include a statement of net position, statement of revenues, expenses and changes in net position and a statement of cash flows.

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

Bondurant-Farrar Community School District

Management's Discussion and Analysis Year Ended June 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position – Figure A-3 below provides a summary of the District's net position for the year ended June 30, 2022 compared to June 30, 2021.

Figure A-3 Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total District		Total Percentage Change 2021-22
	Restated				Restated		
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	
Current and other assets	\$ 39,718,481	\$ 30,985,130	\$ 1,620,458	\$ 994,334	\$ 41,338,939	\$ 31,979,464	29.3%
Capital assets	84,232,331	66,047,636	162,053	99,340	84,394,384	66,146,976	27.6%
Total assets	123,950,812	97,032,766	1,782,511	1,093,674	125,733,323	98,126,440	28.1%
Deferred outflows of resources	3,363,072	4,259,297	90,908	115,588	3,453,980	4,374,885	-21.0%
Long-term liabilities	54,753,118	48,773,198	39,305	374,254	54,792,423	49,147,452	11.5%
Other liabilities	5,907,637	4,563,235	131,704	55,669	6,039,341	4,618,904	30.8%
Total liabilities	60,660,755	53,336,433	171,009	429,923	60,831,764	53,766,356	13.1%
Deferred inflows of resources	22,516,308	11,940,587	267,071	8,900	22,783,379	11,949,487	90.7%
Net position:							
Net investment in capital assets	36,568,924	32,562,836	162,053	99,340	36,730,977	32,662,176	12.5%
Restricted	8,807,294	7,002,856	-	-	8,807,294	7,002,856	25.8%
Unrestricted	(1,239,397)	(3,550,649)	1,273,286	671,099	33,889	(2,879,550)	101.2%
Total net position	\$ 44,136,821	\$ 36,015,043	\$ 1,435,339	\$ 770,439	\$ 45,572,160	\$ 36,785,482	23.9%

The District's combined net position increased by 23.9 percent or \$8,786,678 from the prior year net position.

The net investment in capital assets (e.g., land, construction in progress, infrastructure, buildings and equipment), less the related debt increased \$4,068,801 or 12.5 percent.

Restricted net position represents 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 \$1,804,438 from the prior year, primarily from an increase in restrictions for school infrastructure. The District's revenue from statewide sales, services and use tax was \$3,165,648 including the final distribution in fall 2022.

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 from a deficit of \$2,879,550 to \$33,889. The increase is primarily due to the net pension liability and related deferral of inflows and deferral of outflows of resources experiencing improved investment earnings on an actuarial basis and reducing the District's net liabilities.

Bondurant-Farrar Community School District

Management's Discussion and Analysis Year Ended June 30, 2022

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

Figure A-4 Changes in Net Position From Operating Results

	Governmental Activities		Business-Type Activities		Total District		Total Change 2021-22
	Not restated		Not restated		Not restated		
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	
Revenues:							
Program revenues:							
Charges for services	\$ 2,348,233	\$ 2,080,960	\$ 300,178	\$ 461,223	\$ 2,648,411	\$ 2,542,183	4.2%
Operating grants and contributions and restricted interest	5,797,236	4,426,898	1,875,081	1,269,540	7,672,317	5,696,438	34.7%
Capital grants	-	-	-	11,748	-	11,748	0.0%
General revenues:							
Property tax	9,365,967	9,664,519	-	-	9,365,967	9,664,519	-3.1%
Income surtax	162,473	454,426	-	-	162,473	454,426	-64.2%
Statewide sales, services and use tax	3,165,648	2,261,430	-	-	3,165,648	2,261,430	40.0%
Utility excise tax	1,452,092	369,964	-	-	1,452,092	369,964	292.5%
Other taxes	795,398	7,848	-	-	795,398	7,848	10035.0%
Revenue in lieu of taxes	269,221	105,294	-	-	269,221	105,294	155.7%
Unrestricted state grants	13,445,426	13,961,114	-	-	13,445,426	13,961,114	-3.7%
Unrestricted investment earnings	35,388	7,210	1,174	-	36,562	7,210	407.1%
Miscellaneous	-	221,984	-	97	-	222,081	-100.0%
Total revenues	36,837,082	33,561,647	2,176,433	1,742,608	39,013,515	35,304,255	10.5%
Program expenses:							
Governmental activities:							
Instruction	16,082,819	16,611,852	65	245,874	16,082,884	16,857,726	-4.6%
Support services	8,848,845	9,794,078	5,831	7,300	8,854,676	9,801,378	-9.7%
Noninstructional	944	500	1,505,637	1,258,061	1,506,581	1,258,561	19.7%
Other expenditures	3,782,696	4,685,200	-	-	3,782,696	4,685,200	-19.3%
Total expenses	28,715,304	31,091,630	1,511,533	1,511,235	30,226,837	32,602,865	-7.3%
Excess of revenues over expenses before transfers	8,121,778	2,470,017	664,900	231,373	8,786,678	2,701,390	225.3%
Transfers	-	(56,950)	-	56,950	-	-	0.0%
Change in net position	8,121,778	2,413,067	664,900	288,323	8,786,678	2,701,390	225.3%
Beginning net position, as restated	36,015,043	33,615,664	770,439	482,116	36,785,482	34,097,780	7.9%
Ending net position	\$ 44,136,821	\$ 36,028,731	\$ 1,435,339	\$ 770,439	\$ 45,572,160	\$ 36,799,170	23.8%

Governmental activities:

Local tax (property tax, income surtax, utility excise tax, and other taxes) and unrestricted state grants account for 68.5 percent of the total governmental activities revenue. The District's expenses primarily relate to instructional and support services which account for 86.8 percent of the total governmental activities expenses.

The increase in total revenue is primarily due to the increase in charges for services, federal funds received due to COVID-19, and statewide sales, services and use tax due to economic recovery from the pandemic and a full year of in-person attendance.

Total expenses for governmental activities decreased by \$2,376,326. The decrease is primarily reflected in instruction and support services due to decreases expenses related to pension benefits.

Bondurant-Farrar Community School District

Management's Discussion and Analysis Year Ended June 30, 2022

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses:

Figure A-5 Net Cost of Governmental Activities

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	Not restated		Change	Not restated		Change
	June 30, 2022	June 30, 2021	2021-2022	June 30, 2022	June 30, 2021	2021-2022
Instruction	\$ 16,082,819	\$ 16,611,852	-3.29%	\$ 10,157,274	\$ 12,165,026	-16.5%
Support services	8,848,845	9,794,078	-10.68%	7,736,737	8,795,101	-12.0%
Noninstructional	944	500	47.03%	944	500	88.8%
Other expenses	3,782,696	4,685,200	-23.86%	2,674,880	3,623,145	-26.2%
Total	\$ 28,715,304	\$ 40,016,313	-39.36%	\$ 20,569,835	\$ 31,483,110	-34.7%

The cost financed by users of the District's programs for the year ended June 30, 2022 was \$2,348,233 compared to year ended June 30, 2021 \$2,080,960.

Federal and state governments subsidized certain programs with grants and contributions totaling \$5,797,236 for the year ended June 30, 2022 compared to year ended June 30, 2021 \$4,426,898

The net cost of governmental activities was financed respectively for the years ended June 30, 2022 with \$9,365,967 in property tax, \$162,473 in income surtax, \$3,165,648 in statewide sales, services and use tax, \$1,452,092 in utility excise tax, \$795,398 in other taxes, \$269,221 in revenue in lieu of taxes, \$13,445,426 in unrestricted state grants, and \$35,388 in unrestricted investment earnings.

Business-Type Activities

Revenues of the District's business-type activities were \$2,176,433 and expenses were \$1,511,533. The District's business-type activities include the School Nutrition Fund, and the nonmajor Construction Class Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, and investment income.

The School Nutrition Fund revenues increased due to an increase in federal programs for the nutrition program. After nonoperating revenues and expenses, which include federal nutrition grants and a transfer to the General Fund, the School Nutrition Fund increased net position by \$621,709. The federal COVID-19 funding increased the federal grant revenue from \$1,262,839 to \$1,862,017.

Bondurant-Farrar Community School District

Management's Discussion and Analysis Year Ended June 30, 2022

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$20,546,829; an increase of \$6,011,922 from last year's ending fund balances of \$14,534,907. The increase is primarily due to the issuance of \$21,390,000 in general obligation bonds. The District spent \$19,183,730 for facilities acquisition in 2022 compared to \$9,929,225 in 2021.

Governmental Fund Highlights

The District's General Fund financial position increased by \$982,786. The District's General Fund revenues of \$28,368,721 reflect a \$1,264,054 increase from prior year revenue of \$27,104,667. The increase is primarily due to an increase in local tax and federal funding. Property tax increased from increases in assessed valuation. Federal funding increased from Education Stabilization Fund program increases. Expenditures reflected an increase from \$25,167,634 in 2021 to \$27,350,966 in 2022. The increase in expenditures is primarily due to general wage increases and the timing of purchases due to supply coupled with increased costs.

The General Fund balance increased from \$6,899,710 to \$7,882,496.

The Capital Projects Fund balance increased from \$4,229,626 in fiscal year 2021 to \$8,555,131 in fiscal year 2022. The District expended \$19,183,730 for facilities purchases and improvements in 2022 compared to \$9,929,225 in 2021 as explained above. In addition, the Capital Projects Fund issued \$21,390,000 in general obligation bonds.

The Debt Service Fund balance increased \$77,451 from \$2,996,248 in 2021 to \$3,073,699 in 2022. The District paid \$4,870,978 in debt service principal and interest from transfers in of statewide sales, services and use tax of \$2,152,644 and property tax of \$2,722,728.

Proprietary Fund Highlights

Enterprise funds net position increased from \$770,439 in 2021 to \$1,435,339 in 2022. The School Nutrition Fund net position increased from \$528,805 in 2021 to \$1,150,514 in fiscal 2022. This is primarily due to increased federal funding of the school nutrition program.

Bondurant-Farrar Community School District

Management's Discussion and Analysis Year Ended June 30, 2022

BUDGETARY HIGHLIGHTS

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 its internal service fund. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for individual funds are not presented in the budgetary comparison.

The District had one budget amendment on May 23, 2022, which increased overall expenditures by \$6,682,374.

The District's total actual revenues were \$2,544,295 more than the total budgeted revenues due to receiving more in federal funding, a variance of 7.0%.

Total expenditures were less than budgeted by \$7,780,296, primarily in the other expenditures function which related primarily to timing of capital projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the District had invested \$84,394,384 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. See Figure A-6. This amount represents a net increase of \$18,247,408 from last year. More detailed information about capital assets is available in Note 5 for the financial statements. Depreciation expense for the year was \$1,962,510.

The original cost of the District's capital assets was \$104,902,372. Governmental funds account for \$104,095,945 with the remainder of \$806,427 the proprietary school nutrition fund.

Figure A-6 Capital Assets (Net of Depreciation)

	Restated		Restated		Restated		Total
	Governmental Activities		Business-Type Activities		Total District		Percentage
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	Change 2021-22
Land and construction in progress	\$ 28,054,979	\$ 8,529,229	\$ -	\$ -	\$ 28,054,979	\$ 8,529,229	228.9%
Buildings	51,047,462	52,122,095	-	-	51,047,462	52,122,095	-2.1%
Land improvements	3,201,690	3,395,487	-	-	3,201,690	3,395,487	-5.7%
Machinery and equipment	1,652,721	1,664,713	162,053	99,340	1,814,774	1,764,053	2.9%
Right to use leased building	195,657	229,684	-	-	195,657	229,684	-14.8%
Right to use leased equipment	79,822	106,428	-	-	79,822	106,428	-25.0%
Total	\$ 84,232,331	\$ 66,047,636	\$ 162,053	\$ 99,340	\$ 84,394,384	\$ 66,146,976	27.6%

Bondurant-Farrar Community School District

Management's Discussion and Analysis Year Ended June 30, 2022

Long-Term Debt

As of June 30, 2022, the District had \$52,381,937 in long-term obligations outstanding. See Figure A-7.

Figure A-7 Outstanding Long-Term Obligations

	Restated		Restated		Restated		Total Percentage Change 2021-22
	Governmental Activities		Business-Type Activities		Total District		
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	
General obligation bonds	\$ 41,460,000	\$ 21,735,000	\$ -	\$ -	\$ 41,460,000	\$ 21,735,000	47.6%
Revenue bonds	5,720,000	6,365,000	-	-	5,720,000	6,365,000	-11.3%
Notes payable	4,335,000	5,035,000	-	-	4,335,000	5,035,000	-13.9%
Land purchase agreement	567,600	1,167,600	-	-	567,600	1,167,600	-51.4%
Lease obligation	299,337	349,800	-	-	299,337	349,800	-14.4%
Total	\$ 52,381,937	\$ 34,652,400	\$ -	\$ -	\$ 52,381,937	\$ 34,652,400	51.2%

More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District has one series of School Infrastructure Sales, Services and Use Tax Revenue Bonds which are to be repaid using statewide sales, services and use tax collected in the Capital Project Fund which mature in 2030.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

- The rapid growth of the District provides financial challenges. The district continues to have significant capital project needs to meet the enrollment growth. As the need for facilities increases, the taxable valuation of the district increases at a far less rate causing the district to continuously be right on the verge of the debt limit if growth continues at the current rate. The District continues to explore options to increase efficiency while having as much support for students, faculty and staff as allowed by maintaining fiscal responsibility.
- The Iowa school funding formula is a complex formula that is pupil driven and increasing total spending authority occurs by increasing the number of pupils or increasing the cost per pupil. Due to the District's location in the larger metropolitan area in central Iowa near the junction of Interstate 80 and Interstate 35, continued growth is expected. Certified enrollment numbers have reflected an increase over the last ten years and increased 4.86% in 2022, 1.88% in 2021 and 5.9% in 2020 with the student served population increasing as well. Based on demographer projections, Bondurant-Farrar's student growth is expected to continue, averaging approximately 100 students per year for the next ten years. This steady growth will require careful planning of the District's infrastructure needs in a fiscally responsible manner. State funding will continue to be an important subject of interest in future years due to the uncertainty of the state aid formula and special programs. The cost per pupil for 2021-2022 is \$7,227, the cost per pupil for 2022-2023 is \$7,413 and the cost per pupil for 2023-2024 is \$7,635.
- The District has a financial solvency ratio target of 7-17%. It has been important to maintain an adequate cash reserve levy to achieve and maintain a strong financial solvency as we open a new building. It is equally important to benchmark, monitor and adjust recurring expenses such as salaries and benefits which represent approximately 78% of the operating budget.

Bondurant-Farrar Community School District

Management's Discussion and Analysis Year Ended June 30, 2022

- Along with the student enrollment growth and the opening of a new building, comes the need to hire staff. The District will continue to evaluate class size and make fiscally responsible decisions that are best for the children of the district, however, the economy continues to be a factor that could have consequences for the district in regard to state revenues, property valuations, enrollment and staffing, especially in light of the COVID pandemic.

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 Cari Aylsworth, Director of Business Services, Bondurant-Farrar Community School District, 300 Garfield St. SW, Bondurant, Iowa 50035.

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Bondurant-Farrar Community School District

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and pooled investments	\$ 22,859,425	\$ 1,531,862	\$ 24,391,287
Restricted cash and investments	2,590,695	-	2,590,695
Receivables:			
Property tax:			
Delinquent	30,486	-	30,486
Succeeding year	12,812,607	-	12,812,607
Income surtax	130,416	-	130,416
Accounts	268,891	254	269,145
Due from other governments	1,025,961	4,015	1,029,976
Inventories	-	84,327	84,327
Capital assets:			
Capital assets not being depreciated:			
Land and construction in progress	28,054,979	-	28,054,979
Capital assets being depreciated, net of accumulated depreciation:			
Buildings	51,047,462	-	51,047,462
Land improvements	3,201,690	-	3,201,690
Machinery and equipment	1,652,721	162,053	1,814,774
Right to use leased building	195,657	-	195,657
Right to use leased equipment	79,822	-	79,822
Total capital assets	84,232,331	162,053	84,394,384
Total assets	123,950,812	1,782,511	125,733,323
Deferred Outflows of Resources:			
OPEB related deferred outflows	509,751	12,334	522,085
Pension related deferred outflows	2,853,321	78,574	2,931,895
Total deferred outflows of resources	3,363,072	90,908	3,453,980

See Notes to Basic Financial Statements.

	Governmental Activities	Business-Type Activities	Total
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	5,201,386	96,936	5,298,322
Salaries and benefits payable	629,208	888	630,096
Accrued interest	77,043	-	77,043
Unearned revenue	-	33,880	33,880
Noncurrent liabilities:			
Portion due within one year:			
Revenue bonds	655,000	-	655,000
General obligation bonds	1,600,000	-	1,600,000
Capital loan notes	705,000	-	705,000
Lease obligation	59,084	-	59,084
Land purchase agreement	567,600	-	567,600
Early retirement	53,326	-	53,326
Portion due after one year:			
Revenue bonds	5,065,000	-	5,065,000
General obligation bonds	40,358,587	-	40,358,587
Capital loan notes	3,630,000	-	3,630,000
Lease obligation	240,253	-	240,253
Early retirement	175,349	-	175,349
Net OPEB liability	1,382,472	32,105	1,414,577
Net pension liability	261,447	7,200	268,647
Total liabilities	60,660,755	171,009	60,831,764
Deferred inflows of resources, deferred revenue:			
Succeeding year property tax	12,812,607	-	12,812,607
OPEB related deferred inflows	31,320	713	32,033
Pension related deferred inflows	9,672,381	266,358	9,938,739
Total deferred inflows of resources	22,516,308	267,071	22,783,379
Net Position:			
Net investment in capital assets	36,568,924	162,053	36,730,977
Restricted for:			
Categorical funding	971,567	-	971,567
Debt service	2,256,239	-	2,256,239
School infrastructure	2,228,520	-	2,228,520
Management levy	831,127	-	831,127
Physical plant and equipment levy	2,315,465	-	2,315,465
Student activities	204,376	-	204,376
Unrestricted	(1,239,397)	1,273,286	33,889
Total net position	\$ 44,136,821	\$ 1,435,339	\$ 45,572,160

Bondurant-Farrar Community School District

**Statement of Activities
Year Ended June 30, 2022**

Functions/Programs	Expenses
Governmental activities:	
Instruction	\$ 16,082,819
Support services:	
Student	742,122
Instructional staff	2,064,080
Administration	2,972,064
Operation of plant	2,118,275
Transportation	952,304
	<u>8,848,845</u>
Noninstructional programs	<u>944</u>
Other:	
AEA flowthrough	1,107,816
Unallocated depreciation	1,521,104
Interest	1,153,776
	<u>3,782,696</u>
Total governmental activities	<u><u>28,715,304</u></u>
Business-type activities:	
Instruction	65
Support services	5,831
Noninstructional programs	
Food service operations	1,505,427
Other	210
Total business-type activities	<u>1,511,533</u>
Total	<u><u>\$ 30,226,837</u></u>
General revenues and transfers:	
General revenues:	
Property tax levied for:	
General purposes	
Capital outlay	
Other	
Statewide sales and services tax	
Income surtax	
Utility excise tax	
Other taxes	
Revenue in lieu of taxes	
Unrestricted state grants	
Unrestricted investment earnings	
Total general revenues	
Change in net position	
Net position, beginning of year, as restated	
Net position, end of year	

See Notes to Basic Financial Statements.

Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 1,254,327	\$ 4,671,218	\$ -	\$ (10,157,274)	\$ -	\$ (10,157,274)
470,816	-	-	(271,306)	-	(271,306)
181,717	-	-	(1,882,363)	-	(1,882,363)
380,273	-	-	(2,591,791)	-	(2,591,791)
-	-	-	(2,118,275)	-	(2,118,275)
61,100	18,202	-	(873,002)	-	(873,002)
1,093,906	18,202	-	(7,736,737)	-	(7,736,737)
-	-	-	(944)	-	(944)
-	1,107,816	-	-	-	-
-	-	-	(1,521,104)	-	(1,521,104)
-	-	-	(1,153,776)	-	(1,153,776)
-	1,107,816	-	(2,674,880)	-	(2,674,880)
2,348,233	5,797,236	-	(20,569,835)	-	(20,569,835)
-	-	-	-	(65)	(65)
-	-	-	-	(5,831)	(5,831)
256,712	1,875,081	-	-	626,366	626,366
43,466	-	-	-	43,256	43,256
300,178	1,875,081	-	-	663,726	663,726
\$ 2,648,411	\$ 7,672,317	\$ -	(20,569,835)	663,726	(19,906,109)
			5,962,915	-	5,962,915
			993,548	-	993,548
			2,409,504	-	2,409,504
			3,165,648	-	3,165,648
			162,473	-	162,473
			1,452,092	-	1,452,092
			795,398	-	795,398
			269,221	-	269,221
			13,445,426	-	13,445,426
			35,388	1,174	36,562
			28,691,613	1,174	28,692,787
			8,121,778	664,900	8,786,678
			36,015,043	770,439	36,785,482
			\$ 44,136,821	\$ 1,435,339	\$ 45,572,160

Bondurant-Farrar Community School District

**Balance Sheet
Governmental Funds
June 30, 2022**

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
Assets					
Cash and pooled investments	\$ 10,372,735	\$ 10,941,308	\$ 476,245	\$ 1,059,663	\$ 22,849,951
Restricted cash and investments	-	-	2,590,695	-	2,590,695
Receivables:					
Property tax:					
Delinquent	18,212	2,787	6,759	2,728	30,486
Succeeding year	7,058,200	1,351,593	3,277,815	1,124,999	12,812,607
Income surtax	130,416	-	-	-	130,416
Accounts	256,724	600	-	11,567	268,891
Due from other governments	442,055	583,906	-	-	1,025,961
Total assets	\$ 18,278,342	\$ 12,880,194	\$ 6,351,514	\$ 2,198,957	\$ 39,709,007
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 2,577,972	\$ 2,584,959	\$ -	\$ 38,455	\$ 5,201,386
Salaries and benefits payable	629,208	-	-	-	629,208
Total liabilities	3,207,180	2,584,959	-	38,455	5,830,594
Deferred inflows of resources, unavailable revenue:					
Succeeding year property tax	7,058,200	1,351,593	3,277,815	1,124,999	12,812,607
Income surtax	130,416	-	-	-	130,416
Statewide sales and services tax	-	388,511	-	-	388,511
Other	50	-	-	-	50
Total deferred inflows of resources	7,188,666	1,740,104	3,277,815	1,124,999	13,331,584
Fund balances:					
Restricted for:					
Categorical funding	971,567	-	-	-	971,567
Debt service	-	-	3,073,699	-	3,073,699
Management levy purposes	-	-	-	831,127	831,127
Student activities	-	-	-	204,376	204,376
School infrastructure	-	6,239,666	-	-	6,239,666
Physical plant and equipment levy	-	2,315,465	-	-	2,315,465
Committed for curriculum, facilities and new staff	2,000,000	-	-	-	2,000,000
Unassigned	4,910,929	-	-	-	4,910,929
Total fund balances	7,882,496	8,555,131	3,073,699	1,035,503	20,546,829
Total liabilities, deferred inflows of resources and fund balances	\$ 18,278,342	\$ 12,880,194	\$ 6,351,514	\$ 2,198,957	\$ 39,709,007

See Notes to Basic Financial Statements.

Bondurant-Farrar Community School District

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

June 30, 2022

Total fund balances of governmental funds	\$ 20,546,829
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.	84,232,331
The Internal Service Fund is used to charge costs of the District's self-funded insurance plan to the governmental funds. The net position of the Internal Service Fund is therefore included under governmental activities.	9,474
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	518,977
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:	
OPEB related deferred outflows of resources	509,751
OPEB related deferred inflows of resources	(31,320)
Pension related deferred outflows of resources	2,853,321
Pension related deferred inflows of resources	(9,672,381)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
Revenue bonds, current	(655,000)
Revenue bonds, noncurrent	(5,065,000)
General obligation bonds, current	(1,600,000)
General obligation bonds, noncurrent	(39,860,000)
Capital loan notes, current	(705,000)
Capital loan notes, noncurrent	(3,630,000)
Premium on general obligation bonds	(498,587)
Land purchase agreement	(567,600)
Lease obligation, current	(59,084)
Lease obligation, noncurrent	(240,253)
Accrued interest	(77,043)
Early retirement	(228,675)
Net OPEB liability	(1,382,472)
Net pension liability	(261,447)
Net position of governmental activities	\$ 44,136,821

See Notes to Basic Financial Statements.

Bondurant-Farrar Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2022

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 7,206,680	\$ 1,122,705	\$ 2,722,728	\$ 1,001,853	\$ 12,053,966
Tuition	1,254,328	-	-	-	1,254,328
Other	510,976	15,175	7,586	595,556	1,129,293
State appropriations	17,623,199	2,804,134	65,471	22,629	20,515,433
Federal appropriations	1,773,538	-	-	-	1,773,538
Total revenues	28,368,721	3,942,014	2,795,785	1,620,038	36,726,558
Expenditures:					
Current:					
Instruction:	16,866,346	-	-	510,768	17,377,114
Support services:					
Student	811,958	-	-	-	811,958
Instructional staff	2,124,417	-	-	-	2,124,417
Administration	2,979,309	43,154	-	105,876	3,128,339
Operation and maintenance of plant	2,657,597	65,907	-	415,439	3,138,943
Transportation	742,302	116,669	-	684	859,655
	9,315,583	225,730	-	521,999	10,063,312
Noninstructional programs	944	-	-	-	944
Other expenditures:					
Capital outlay facilities acquisition	-	19,183,730	-	-	19,183,730
AEA flowthrough	1,107,816	-	-	-	1,107,816
Debt service:					
Principal	50,463	-	3,610,000	-	3,660,463
Interest and fiscal fees	9,814	42,710	1,260,978	-	1,313,502
	1,168,093	19,226,440	4,870,978	-	25,265,511
Total expenditures	27,350,966	19,452,170	4,870,978	1,032,767	52,706,881
Excess (deficiency) of revenues over (under) expenditures	1,017,755	(15,510,156)	(2,075,193)	587,271	(15,980,323)
Other financing sources (uses):					
Issuance of long-term debt	-	21,390,000	-	-	21,390,000
Premium on issuance of long-term debt	-	598,305	-	-	598,305
Proceeds from sale of capital assets	3,940	-	-	-	3,940
Transfers in	-	-	2,152,644	38,909	2,191,553
Transfers (out)	(38,909)	(2,152,644)	-	-	(2,191,553)
Total other financing sources (uses)	(34,969)	19,835,661	2,152,644	38,909	21,992,245
Net change in fund balances	982,786	4,325,505	77,451	626,180	6,011,922
Fund balances, beginning of year	6,899,710	4,229,626	2,996,248	409,323	14,534,907
Fund balances, end of year	\$ 7,882,496	\$ 8,555,131	\$ 3,073,699	\$ 1,035,503	\$ 20,546,829

See Notes to Basic Financial Statements.

Bondurant-Farrar Community School District

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities
Year Ended June, 30 2022**

Net change in fund balances - total governmental funds \$ 6,011,922

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the statement of net position and are allocated over their estimated useful lives as depreciation expense in the statement of activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlay	\$ 20,201,312	
Depreciation expense	<u>(1,928,624)</u>	18,272,688
Proceeds from sale of capital assets	(3,940)	
Loss on sale of capital assets	<u>(84,053)</u>	(87,993)

The increase in net position of the Internal Service Fund represents an overcharge to the governmental funds and is incorporated into the change in net position of governmental activities. 5,878

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, change in unavailable revenues:

Income surtax	(278,037)	
Statewide sales, services and use tax	388,511	
Other	<u>50</u>	110,524

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The issuance of long-term debt increases liabilities in the statement of net position, while the repayment of long-term debt reduces long-term liabilities. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:

Issuance of long-term debt	(21,390,000)	
Premium on issuance of long-term debt	(598,305)	
Repayment of revenue bond and general obligation bond principal	2,310,000	
Repayment of note payable	700,000	
Payment of land purchase agreement	600,000	
Payment of lease obligations	50,463	
Amortization of bond premium	99,718	
Interest expense	<u>60,008</u>	(18,168,116)

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:

Early retirement		85,027
Net OPEB liability		(84,790)
Pension expense		<u>1,976,638</u>

Change in net position of governmental activities \$ 8,121,778

See Notes to Basic Financial Statements.

Bondurant-Farrar Community School District

**Statement of Net Position
Proprietary Funds
June 30, 2022**

	Business-Type Activities, Enterprise Funds			Governmental Activities, Internal Service Fund
	School Nutrition	Nonmajor Enterprise	Total	
Assets				
Current assets:				
Cash and pooled investments	\$ 1,254,572	\$ 277,290	\$ 1,531,862	\$ 9,474
Due from other governments	4,015	-	4,015	-
Receivables, accounts	254	-	254	-
Inventories	20,827	63,500	84,327	-
Total current assets	1,279,668	340,790	1,620,458	9,474
Noncurrent assets:				
Capital assets being depreciated, net of accumulated depreciation:				
Machinery and equipment	162,053	-	162,053	-
Total noncurrent assets	162,053	-	162,053	-
Total assets	1,441,721	340,790	1,782,511	9,474
Deferred Outflows of Resources:				
OPEB related deferred outflows	12,334	-	12,334	-
Pension related deferred outflows	78,574	-	78,574	-
Total deferred outflows of resources	90,908	-	90,908	-
Liabilities				
Current liabilities:				
Accounts payable	40,971	55,965	96,936	-
Salaries and benefits payable	888	-	888	-
Unearned revenue	33,880	-	33,880	-
Total current liabilities	75,739	55,965	131,704	-
Noncurrent liabilities:				
Net OPEB liability	32,105	-	32,105	-
Net pension liability	7,200	-	7,200	-
Total noncurrent liabilities	39,305	-	39,305	-
Total liabilities	115,044	55,965	171,009	-
Deferred Inflows of Resources:				
OPEB related deferred inflows	713	-	713	-
Pension related deferred inflows	266,358	-	266,358	-
Total deferred inflows of resources	267,071	-	267,071	-
Net Position				
Investment in capital assets	162,053	-	162,053	-
Unrestricted	988,461	284,825	1,273,286	9,474
Total net position	\$ 1,150,514	\$ 284,825	\$ 1,435,339	\$ 9,474

See Notes to Basic Financial Statements.

Bondurant-Farrar Community School District

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2022**

	Business-Type Activities, Enterprise Funds			Governmental
	School Nutrition	Nonmajor Enterprise	Total	Activities, Internal Service Fund
Operating revenues:				
Local sources:				
Charges for service	\$ 246,866	\$ -	\$ 246,866	\$ 61,485
Miscellaneous	9,846	43,466	53,312	-
Total operating revenues	256,712	43,466	300,178	61,485
Operating expenses:				
Instruction:				
Other instruction:				
Purchased services	-	65	65	-
Support services:				
Administration:				
Services	-	-	-	55,607
Operation and maintenance of plant:				
Purchased services	5,831	-	5,831	-
Noninstructional programs:				
Salaries	449,531	-	449,531	-
Benefits	62,702	-	62,702	-
Services	15,044	-	15,044	-
Supplies	943,186	-	943,186	-
Other	1,078	210	1,288	-
Depreciation	33,886	-	33,886	-
Total operating expenses	1,511,258	275	1,511,533	55,607
Operating income (loss)	(1,254,546)	43,191	(1,211,355)	5,878
Nonoperating revenues:				
State sources	13,064	-	13,064	-
Federal sources	1,862,017	-	1,862,017	-
Interest on investments	1,174	-	1,174	-
Total nonoperating revenues	1,876,255	-	1,876,255	-
Change in net position	621,709	43,191	664,900	5,878
Net position, beginning of year	528,805	241,634	770,439	3,596
Net position, end of year	\$ 1,150,514	\$ 284,825	\$ 1,435,339	\$ 9,474

See Notes to Basic Financial Statements.

Bondurant-Farrar Community School District

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2022**

	Business-Type Activities, Enterprise Fund			Governmental Activities, Internal Service Fund
	School Nutrition	Nonmajor Enterprise	Total	
Cash flows from operating activities:				
Cash received from:				
Charges for services	\$ 243,879	\$ 43,466	\$ 287,345	\$ -
Miscellaneous services	9,846	-	9,846	61,485
Cash payments to:				
Employees for services	(578,251)	-	(578,251)	-
Suppliers for goods and services	(816,269)	-	(816,269)	(55,607)
Net cash provided by (used in) operating activities	(1,140,795)	43,466	(1,097,329)	5,878
Cash flows from noncapital financing activities:				
State grants received	13,064	-	13,064	-
Federal grants received	1,764,118	-	1,764,118	-
Net cash provided by noncapital financing activities	1,777,182	-	1,777,182	-
Cash flows from capital financing activities and related activities,				
Proceeds from sales of house	-	445,000	445,000	-
Acquisition of house inventory	-	(392,801)	(392,801)	-
Acquisition of capital assets	(96,599)	-	(96,599)	-
Net cash provided by (used in) operating activities	(96,599)	52,199	(44,400)	-
Cash flows from investing activities, interest on investments				
	1,174	-	1,174	-
Net increase in cash and cash equivalents	540,962	95,665	636,627	5,878
Cash and cash equivalents:				
Beginning of year	713,610	181,625	895,235	3,596
End of year	\$ 1,254,572	\$ 277,290	\$ 1,531,862	\$ 9,474

(Continued)

Bondurant-Farrar Community School District

Statement of Cash Flows (Continued)

Proprietary Funds

Year Ended June 30, 2022

	Business-Type Activities, Enterprise Funds			Governmental Activities, Internal Service Fund
	School Nutrition	Nonmajor Enterprise	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (1,254,546)	\$ 43,191	\$ (1,211,355)	\$ 5,878
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Commodities consumed	120,143	-	120,143	-
Depreciation	33,886	-	33,886	-
(Increase) decrease in:				
Inventories	(8,346)	-	(8,346)	-
Accounts receivable	96	-	96	-
Increase (decrease) in:				
Accounts payable	31,242	275	31,517	-
Salaries and benefits payable	(8,089)	-	(8,089)	-
Net OPEB benefits	2,335	-	2,335	-
Net pension liability	(54,433)	-	(54,433)	-
Unearned revenue	(3,083)	-	(3,083)	-
Net cash provided by (used in) operating activities	\$ (1,140,795)	\$ 43,466	\$ (1,097,329)	\$ 5,878
Noncash investing, capital and financing activities:				
Federal commodities	\$ 120,143	\$ -	\$ 120,143	\$ -

See Notes to Basic Financial Statements.

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Bondurant-Farrar Community School District

Notes to Financial Statements Year Ended June 30, 2022

Note 1. Significant Accounting Policies

Reporting entity:

The Bondurant-Farrar Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and technical and recreational courses. The geographic area served includes the cities of Bondurant and Farrar, Iowa, portions of the City of Altoona, Iowa and agricultural territory in Jasper and Polk 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.

For financial reporting purposes, Bondurant-Farrar Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Bondurant-Farrar Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly governed organizations: The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Polk and Jasper County Assessors' Conference Boards.

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 the 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 support.

The statement of net position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in 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 that are attributed to the acquisition, construction or improvement of those assets.

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

Unrestricted net position: Consist of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

Bondurant-Farrar Community School District

Notes to Financial Statements Year Ended June 30, 2022

Note 1. Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are 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 that are 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 and proprietary funds. The District does not have any fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

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

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

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Revenue of the fund primarily consists of property taxes.

The District reports the following nonmajor governmental funds:

The Management Fund, a special revenue fund, is utilized to account for the payment of property insurance as well as early retirement incentives.

The Student Activity Fund, a special revenue fund, is utilized to account for the various student run organizations and athletic accounts of the District.

The District reports the following major and nonmajor proprietary funds:

The District's proprietary funds are the Enterprise Funds, School Nutrition Fund and Construction Class Fund, and the Internal Service Fund.

The School Nutrition Fund is considered a major fund. The School Nutrition Fund is used to account for the food service operations of the District.

The Construction Class Fund is a nonmajor fund used to account for the construction of houses within the District for educational purposes.

Bondurant-Farrar Community School District

Notes to Financial Statements Year Ended June 30, 2022

Note 1. Significant Accounting Policies (Continued)

The Internal Service Fund is used to account for the Internal Revenue Service section 125 flexible benefits program. The Internal Service Fund is charged back to the Governmental Funds and shown combined in the statement of net position and statement of activities.

Measurement focus and basis of accounting:

The government-wide and proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund financial statements are reported using the accrual basis of accounting. The District does not have any fiduciary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

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 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 is 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.

Bondurant-Farrar Community School District

Notes to Financial Statements Year Ended June 30, 2022

Note 1. Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the District's enterprise fund 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 nonoperating revenues and expenses.

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 investments in Iowa School Joint Investment Trust (ISJIT) which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

Property taxes:

Property taxes receivable is recognized in the funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes 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 Board of Education is required to certify its budget to the County Auditor by April 15 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 recorded as a deferred inflow and will not be recorded as revenue until the year for which it is levied.

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

Bondurant-Farrar Community School District

**Notes to Financial Statements
Year Ended June 30, 2022**

Note 1. Significant Accounting Policies (Continued)

Inventories:

The Enterprise Fund inventories are held for resale and are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to operations when consumed or sold. The enterprise fund inventory consists primarily of food, with purchased food recorded at the lower cost (first-in, first-out method), or market and food commodities which were received from the federal government and recorded at the contributed value as of the date received.

Prepaid items:

The District accounts for the prepaid items by using the purchases method. Items prepaid include postage, registration, insurance, software package renewals, security and subscriptions.

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.

Capital assets:

Capital assets, which include property, machinery and equipment and intangibles, are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation. 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. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Right-to-use leased assets are initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs to place the assets in service. Subsequently, the leased assets are amortized on a straight-line basis over the shorter of the life of the lease or estimated useful life of the asset.

Assets	Amount
Land	\$ 1
Buildings	2,500
Land improvements	2,500
Intangibles	100,000
Machinery and equipment	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

Bondurant-Farrar Community School District

**Notes to Financial Statements
Year Ended June 30, 2022**

Note 1. Significant Accounting Policies (Continued)

Land is not depreciated. Buildings, land improvements, machinery and equipment and intangibles are depreciated/amortized using the straight-line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-20 years

Leases:

The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the governmental activities of the government-wide financial statements.

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

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

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

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

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

Salaries and benefits payable:

Payroll and related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but which have balances payable in July and August 2022, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2022.

Bondurant-Farrar Community School District

Notes to Financial Statements Year Ended June 30, 2022

Note 1. Significant Accounting Policies (Continued)

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.

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.

Unearned revenue:

Proprietary funds defer revenue recognition in connection with resources that have been received but not earned. Unearned revenue in the governmental funds arises when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenue consists primarily of grant advances, school registration fees, and meal deposits collected for the programs and services in the next school year.

Cash flows:

For the purpose of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fund balances:

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

Nonspendable: Amounts which cannot be spent either 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 imposed by law through constitutional provisions or enabling legislation.

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

Assigned: Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The authority to assign fund balances has been delegated to the Director of Business Affairs by the Board of Education.

Bondurant-Farrar Community School District

Notes to Financial Statements Year Ended June 30, 2022

Note 1. Significant Accounting Policies (Continued)

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. 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 – assigned and then unassigned fund balances.

Deferred outflows/inflows of resources:

In addition to assets, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District has pension and other post-employment benefit related deferred outflows that qualify for reporting in this category.

In addition to liabilities, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports unavailable revenue in the governmental funds balance sheet from the statewide sales and services tax, property tax, other, and income surtax. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. In the District's government-wide statements, only the succeeding year property tax revenues remain as a deferred inflow of resources under the full accrual basis of accounting and will become an inflow in the year for which levied. The District also reports pension and other post-employment benefit related deferred inflows in the government-wide statements and the proprietary fund statements.

Net Position:

In the government-wide statement of net position and the proprietary funds, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. As of June 30, 2022, unspent bond proceeds were \$5,217,117. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net position restricted through enabling legislation consists of \$971,567 for categorical funding, \$2,256,239 for debt service, \$2,228,520 for school infrastructure, \$831,127 for management levy, \$2,315,465 for physical plant and equipment levy, and \$204,376 for student activities.

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Bondurant-Farrar Community School District

Notes to Financial Statements Year Ended June 30, 2022

Note 1. Significant Accounting Policies (Continued)

Interfund transactions: Transactions among District funds would be treated as revenues and expenditures or expenses if they involved organizations external to the District and are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expected, are separately reported in the respective fund's operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding are reported in the government-wide financial statements as "internal balances".

Note 2. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the District's Board of Education annually adopts a single district-wide budget and approves the related appropriations following required public notice and hearing for all funds except the internal service fund. The budgets and related appropriations as well as the financial statements are prepared on the modified accrual basis or accrual basis of accounting. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control for the certified budget is based upon four major classes of disbursements known as functional areas, not by fund. These four functional areas are instruction, support services, noninstructional programs and other expenditures. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula. The District did not exceed budgeted expenditures.

The Board of Education follows these procedures in establishing budgetary data reflected in the financial statements:

- In accordance with the Statutes of the State of Iowa, prior to March 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expense and the means of financing them for the upcoming year, along with estimates for the current and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the functional area level.
- Public hearings are required to be conducted to obtain taxpayer comment.
- Prior to April 15, the budget is legally enacted through certification from the County Auditor.
- Management is authorized to transfer budgeted amounts between departments within any functional area; however, any revisions that alter the total expenditures or expenses of any functional area must be approved by the Board of Education.
- The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor.
- Appropriations lapse at the end of each fiscal year.
- The budget cannot be amended without the approval of the Board of Education.

Bondurant-Farrar Community School District

Notes to Financial Statements Year Ended June 30, 2022

Note 3. Deposits and Pooled Investments

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

The District's investments are in the Iowa Schools Joint Investment Trust. The funds are valued at an amortized cost pursuant to Rule 21-7 under the Investment Company Act of 1940. There are no limitations or restrictions on withdrawals from these investments. The funds are rated by Standard & Poor AAAM. As of June 30, 2022, the District had investments of \$21,112,292 in the Iowa Schools Joint Investment Trust.

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.

Interest rate risk: The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District and must also conform to any loan covenant investment maturity restrictions. The maturity of the District's assets in an external investment pool is based on the average maturity of the pool's investments.

Credit risk: The investments in the Iowa School Joint Investment Trust and government money market mutual fund are registered and not subject to rating. The District's policy relating to credit risk of investments is to have the majority of the District's bank deposits with an AAA/Aaa rated national banking company (by Standard & Poors and Moody's Investors Services). The District does not have a separate policy from state statutes in regard to concentration risk.

Custodial credit risk: The risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of June 30, 2022, none of the District's investments were exposed to custodial credit risk and deposits in banks 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 insure there will be no loss of public funds.

The District is not subject to foreign-currency risk.

Restricted cash and investments: The District has established separate accounts for a pre-levy of \$910,000 to be used for future debt service and for revenue bond reserve and sinking fund requirements of \$1,680,695.

Bondurant-Farrar Community School District

**Notes to Financial Statements
Year Ended June 30, 2022**

Note 4. Interfund Activity

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

Transfer To	Transfer From	Amount
Nonmajor Governmental Funds:		
Student activity	Major fund, General	\$ 38,909
Major Fund, Debt Service	Major fund, Capital Projects	2,152,644
Total		\$ 2,191,553

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

Note 5. Capital Assets

A summary of changes capital assets is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Capital assets being depreciated:				
Machinery and equipment	\$ 709,828	\$ 96,599	\$ -	\$ 806,427
Less accumulated depreciation	610,488	33,886	-	644,374
Total capital assets being depreciated, net	99,340	62,713	-	162,053
Business-type activities capital assets, net	\$ 99,340	\$ 62,713	\$ -	\$ 162,053

Bondurant-Farrar Community School District

**Notes to Financial Statements
Year Ended June 30, 2022**

Note 5. Capital Assets (Continued)

	Restated Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,761,901	\$ 675,000	\$ -	\$ 2,436,901
Construction in progress	6,767,328	18,865,036	14,286	25,618,078
Total capital assets not being depreciated	8,529,229	19,540,036	14,286	28,054,979
Capital assets being depreciated:				
Land improvements	64,643,996	230,283	25,329	64,848,950
Buildings and building equipment	5,474,210	54,840	28,244	5,500,806
Machinery and equipment	5,437,706	390,439	542,520	5,285,625
Right to use leased building	272,218	-	-	272,218
Right to use leased equipment	133,367	-	-	133,367
Total capital assets being depreciated	75,961,497	675,562	596,093	76,040,966
Less accumulated depreciation for:				
Land improvements	12,521,901	1,294,916	15,329	13,801,488
Buildings and building equipment	2,078,723	244,472	24,079	2,299,116
Machinery and equipment	3,772,993	328,603	468,692	3,632,904
Right to use leased building	42,534	34,027	-	76,561
Right to use leased equipment	26,939	26,606	-	53,545
Total accumulated depreciation	18,443,090	1,928,624	508,100	19,863,614
Total capital assets being depreciated, net	57,518,407	(1,253,062)	87,993	56,177,352
Governmental activities capital assets, net	\$ 66,047,636	\$ 18,286,974	\$ 102,279	\$ 84,232,331

Bondurant-Farrar Community School District

**Notes to Financial Statements
Year Ended June 30, 2022**

Note 5. Capital Assets (Continued)

Depreciation and amortization expense was charged by the District as follows:

Governmental activities:		
Instruction		\$ 90,298
Support services:		
Instructional staff		92,748
Administration		63,251
Operation and maintenance of plant		21,276
Transportation		139,947
Unallocated depreciation		1,521,104
Total governmental activities depreciation expense		\$ 1,928,624
Business-type activities:		
Food services		33,886
Total business-type activities depreciation expense		\$ 33,886

Note 6. General Long-Term Debt

A summary of changes in general long-term debt for the year ended June 30, 2022:

	Restated Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 21,735,000	\$ 21,390,000	\$ 1,665,000	\$ 41,460,000	\$ 1,600,000
General obligation bond premium	-	598,305	99,718	498,587	-
Revenue bonds	6,365,000	-	645,000	5,720,000	655,000
General obligation capital loan notes	5,035,000	-	700,000	4,335,000	705,000
Land purchase agreement	1,167,600	-	600,000	567,600	567,600
Building lease	237,632	-	28,656	208,976	31,360
Equipment lease	112,168	-	21,807	90,361	27,724
Early retirement	313,702	-	85,027	228,675	53,326
Net pension liability	12,698,996	-	12,437,549	261,447	-
Total OPEB liability	1,108,100	274,372	-	1,382,472	-
Total	\$ 48,773,198	\$ 22,262,677	\$ 16,282,757	\$ 54,753,118	\$ 3,640,010
Business-type activities:					
Net pension liability	\$ 349,705	\$ -	\$ 342,505	\$ 7,200	\$ -
Total OPEB liability	24,549	7,556	-	32,105	-
Total	\$ 374,254	\$ 7,556	\$ 342,505	\$ 39,305	\$ -

Early retirement, OPEB liabilities and pension liabilities are generally liquidated by the General Fund.

Bondurant-Farrar Community School District

**Notes to Financial Statements
Year Ended June 30, 2022**

Note 6. General Long-Term Debt (Continued)

Early Retirement:

The District occasionally offers a voluntary early retirement plan for all employees. For the year ended June 30, 2021, the District offered early retirement to licensed employees. Eligible licensed employees must have completed twenty continuous years of service to the District and be at least 55 years of age.

For licensed employee early retirement benefit, the District will pay a stipend equal to \$4,500 in July. In addition, the District will pay \$550 per month towards the premium of the District's group health insurance plan until the employee becomes eligible for Medicare.

At June 30, 2022, the District has obligations to twelve participants with a total liability of \$228,675. Actual early retirement expenditures for the year ended June 30, 2022 totaled \$85,027. The early retirement obligation is paid from the special revenue Management fund.

General Obligation Bonds:

On August 24, 2021, the District issued \$21,390,000 General Obligation School Bonds Series 2021. The bonds were issued to provide funds for construction, furnishing and equipping a new 7th and 8th grade middle school building and remodeling existing buildings.

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

Year ending	General Obligation Bonds, Series 2016A				General Obligation Bonds, Series 2016B			
	Rate	Principal	Interest	Total	Rate	Principal	Interest	Total
2023	2.00%	\$ 610,000	\$ 50,200	\$ 660,200	3.00%	\$ -	\$ 125,700	\$ 125,700
2024	2.00%	620,000	38,000	658,000	3.00%	-	125,700	125,700
2025	2.00%	635,000	25,600	660,600	3.00%	-	125,700	125,700
2026	2.00%	645,000	12,900	657,900	3.00%	-	125,700	125,700
2027		-	-	-	3.00%	-	125,700	125,700
2028-2032		-	-	-	3.00%	-	628,500	628,500
2033-2037		-	-	-	3.00%	4,190,000	259,800	4,449,800
Total		\$ 2,510,000	\$ 126,700	\$ 2,636,700		\$ 4,190,000	\$ 1,516,800	\$ 5,706,800

Bondurant-Farrar Community School District

**Notes to Financial Statements
Year Ended June 30, 2022**

Note 6. General Long-Term Debt (Continued)

Year ending	General Obligation Bonds, Series 2017				General Obligation Bonds, Series 2018			
	Rate	Principal	Interest	Total	Rate	Principal	Interest	Total
2023	3.00%	\$ -	\$ 286,037	\$ 286,037	1.00%	\$ 435,000	\$ 149,167	\$ 584,167
2024	3.00%	-	286,038	286,038	1.00%	455,000	136,118	591,118
2025	3.00%	-	286,037	286,037	1.00%	465,000	122,467	587,467
2026	3.00%	395,000	286,038	681,038	1.00%	85,000	108,518	193,518
2027	3.00%	1,020,000	274,188	1,294,188	1.00%	130,000	105,967	235,967
2028-2032	3.00%	4,810,000	893,337	5,703,337	1.0-3.15%	700,000	463,616	1,163,616
2033-2037	3.0-3.25%	3,125,000	355,700	3,480,700	3.3-3.375%	795,000	346,677	1,141,677
2038-2041		-	-	-	3.38%	1,600,000	27,000	1,627,000
Total		\$ 9,350,000	\$ 2,667,375	\$ 12,017,375		\$ 4,665,000	\$ 1,459,530	\$ 6,124,530

Year ending	General Obligation Bonds, Series 2022				Total		
	Rate	Principal	Interest	Total	Principal	Interest	Total
2023	5.00%	\$ 555,000	\$ 506,900	\$ 1,061,900	\$ 1,600,000	\$ 1,118,004	\$ 2,718,004
2024	5.00%	575,000	479,150	1,054,150	1,650,000	1,065,006	2,715,006
2025	5.00%	605,000	450,400	1,055,400	1,705,000	1,010,204	2,715,204
2026	5.00%	635,000	420,150	1,055,150	1,760,000	953,306	2,713,306
2027	5.00%	700,000	388,400	1,088,400	1,850,000	894,255	2,744,255
2028-2032	1.5-3.0%	3,840,000	1,597,425	5,437,425	9,350,000	3,582,878	12,932,878
2033-2037	1.75-2.0%	4,210,000	1,233,113	5,443,113	12,320,000	2,195,290	14,515,290
2038-2041	2.0-2.125%	9,625,000	520,400	10,145,400	11,225,000	547,400	11,772,400
Total		\$ 20,745,000	\$ 5,595,938	\$ 26,340,938	\$ 41,460,000	\$ 11,366,343	\$ 52,826,343

Bond Refunding Escrow

In prior years, the District levied for additional debt service tax revenues beyond the current year needs. This additional revenue has been placed in an irrevocable escrow account to refund \$910,000 of the principal due on the September 4, 2018 general obligation bonds when those bonds become callable on June 1, 2026. The bonds will remain on the District's financial statements until the call date. The balance of the escrow fund at June 30, 2022 was \$910,000.

Bondurant-Farrar Community School District

Notes to Financial Statements Year Ended June 30, 2022

Note 6. General Long-Term Debt (Continued)

Revenue Bonds

The District pledged future statewide sales, services and use tax revenues to repay the \$10,000,000 bonds issued in June 2013. The bonds were issued for the purpose of financing a portion of the costs of a new K-2 elementary building. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District 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 required approximately 35 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$6,380,325. During the year ended June 30, 2022, principal of \$645,000 and interest of \$153,310 was paid on the bonds. Statewide sales, services and use tax revenues were \$2,777,137.

The resolution providing for the issuance of the revenue bonds included the following provisions:

- The bonds will be redeemed from the future earnings of the school infrastructure sales, services and use tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- A reserve will be maintained in the amount of \$817,460 to be used solely for the purpose of paying principal and interest in the event the funds available within the sinking fund are not sufficient for that purpose.
- Sufficient monthly deposits amounting to one twelfth of the next principal payment and one sixth of the next interest payment shall be made to the sinking fund for the purpose of making the bond principal and interest payments when due.
- Any monies remaining in the revenue fund after the required transfer to the sinking fund may be transferred to the project fund to be used for any lawful purpose.

As of June 30, 2022, the District had \$1,680,695 in the required reserve and sinking fund.

Annual debt service requirements on the outstanding indebtedness as of June 30, 2022 are as follows:

Year ending June 30:	Rate	Revenue Bonds, Series 2013		
		Principal	Interest	Total
2023	2.00%	\$ 655,000	\$ 140,310	\$ 795,310
2024	2.00%	670,000	127,060	797,060
2025	2.00%	685,000	113,168	798,168
2026	2.50%	705,000	97,162	802,162
2027	2.75%	720,000	78,450	798,450
2028-2030	3.000%	2,285,000	104,175	2,389,175
Total		\$ 5,720,000	\$ 660,325	\$ 6,380,325

Bondurant-Farrar Community School District

Notes to Financial Statements Year Ended June 30, 2022

Note 6. General Long-Term Debt (Continued)

General Obligation Capital Loan Note Payable

On December 8, 2020 the District issued \$5,755,000 of general obligation capital loan notes to finance construction of a seventh/eighth grade building.

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

Year ending June 30:	Rate	General Obligation Capital Loan Notes		
		Principal	Interest	Total
2023	1.00%	\$ 705,000	\$ 43,350	\$ 748,350
2024	1.00%	710,000	36,300	746,300
2025	1.00%	720,000	29,200	749,200
2026	1.00%	725,000	22,000	747,000
2027	1.00%	735,000	14,750	749,750
2028	1.00%	740,000	7,400	747,400
Total		\$ 4,335,000	\$ 153,000	\$ 4,488,000

Land Purchase Agreement

On October 12, 2020, the District entered into a land purchase agreement totaling \$1,767,000. As of June 30, 2022 there is \$567,600 in principal outstanding on the agreement.

Leases

The District has entered into a lease agreement with Free Range LLC for a building. The lease began on April 15, 2020 and terminates on April 14, 2028. Rent is payable in equal monthly installments. Annual debt service requirements for the building lease are as follows:

Year ending June 30:	Rate	Building Lease		
		Principal	Interest	Total
2023	3.00%	\$ 31,360	\$ 5,840	\$ 37,200
2024	3.00%	32,915	4,885	37,800
2025	3.00%	35,748	3,852	39,600
2026	3.00%	37,436	2,764	40,200
2027	3.00%	40,408	1,592	42,000
2028	3.00%	31,109	391	31,500
Total		\$ 208,976	\$ 19,324	\$ 228,300

Bondurant-Farrar Community School District

**Notes to Financial Statements
Year Ended June 30, 2022**

Note 6. General Long-Term Debt (Continued)

The District has entered into lease agreements for copier equipment. As of June 30, 2022, the value of the lease liabilities was \$90,361. The lease agreements have an interest rate of 3.0 percent with final maturity on June 30, 2026. The future principal and interest lease payments as of June 30, 2022 were as follows:

Year ending	Pitney Bowes Postage				Access Lease			
	Rate	Principal	Interest	Total	Rate	Principal	Interest	Total
2023	3.00%	\$ 1,324	\$ 108	\$ 1,432	3.00%	\$ 26,400	\$ 2,240	\$ 28,640
2024	3.00%	1,364	68	1,432	3.00%	28,270	1,409	29,679
2025	3.00%	1,406	26	1,432	3.00%	29,130	550	29,680
2026		-	-	-	3.00%	2,467	6	2,473
Total		\$ 4,094	\$ 202	\$ 4,296		\$ 86,267	\$ 4,205	\$ 90,472

Year ending	Total Equipment Lease			
	Rate	Principal	Interest	Total
2023		\$ 27,724	\$ 2,348	\$ 30,072
2024		29,634	1,477	31,111
2025		30,536	576	31,112
2026		2,467	6	2,473
Total		\$ 90,361	\$ 4,407	\$ 94,768

The June 30, 2022 debt issued by the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	<u>\$ 1,971,763,770</u>
Debt limit, 5% of total assessed valuation	\$ 98,588,189
Amount of debt applicable to debt limit:	
General Obligation Bonds	41,958,587
General Obligation Capital Loan Notes	4,335,000
Land Purchase Agreement	567,600
Lease Obligations	<u>299,337</u>
Excess of debt limit over bonded debt outstanding, legal debt margin	<u><u>\$ 51,427,665</u></u>

Bondurant-Farrar Community School District

**Notes to Financial Statements
Year Ended June 30, 2022**

Note 7. Postemployment Benefits Other Than Pensions (OPEB)

General Information about the OPEB Plan

Plan description: The District’s defined benefit OPEB plan, the Bondurant-Farrar Community School District Postemployment Plan Other Than Pensions (the Plan), provides postemployment benefits for eligible participants enrolled in its plans. The Plan is a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. The medical/prescription drug coverage is provided through a self-funded plan with stop-loss limits from First Administrators. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

Benefits provided: The Plan provides healthcare benefits including medical and prescription drug benefits for retirees and their dependents. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees. The full monthly premium rates as of September 1, 2021 for each plan are as shown below:

Rate Tier	Copay			
	Copay 1000	Select 1500	HDHP 2500 NE	MV 6350 E
Single	\$ 736	\$ 697	\$ 616	\$ 474
Spouse	1,470	1,391	1,225	934

Employees covered by benefit terms: At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	11
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	289
	300

Total OPEB Liability: The District’s total OPEB liability of \$1,414,577 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021 for a reporting date of June 30, 2022.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.00% per annum
Salary increases	3.25% per annum
Discount rate	3.54% per annum
Retirees' share of benefit-related costs	100%
Health care cost trend rate	6.0% with an ultimate health care cost trend rate of 5.0%

The discount rate was based on the Bond Buyer 20-Bond GO index. Mortality rates were based on the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP2021 generational projection of future mortality improvement. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period 2010– 2020.

Bondurant-Farrar Community School District

**Notes to Financial Statements
Year Ended June 30, 2022**

Note 7. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Changes in the Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at July 1, 2021	\$ 1,132,649	\$ -	\$ 1,132,649
Changes for the year:			
Service cost	75,064	-	75,064
Interest	48,866	-	48,866
Changes of benefit terms	-	-	-
Differences between expected and actual experience	250,195	-	250,195
Changes in assumptions or other inputs	(6,332)	-	(6,332)
Benefit payments	(85,865)	-	(85,865)
Net changes	281,928	-	281,928
Balance at June 30, 2022	<u>\$ 1,414,577</u>	<u>\$ -</u>	<u>\$ 1,414,577</u>

Changes of assumptions or other inputs reflect a change in the discount rate from 3.50% per annum in 2021 to 3.54% per annum in 2022.

Sensitivity of the 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 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	2.54%	3.54%	4.54%
Total OPEB liability	\$ 1,532,729	\$ 1,414,577	\$ 1,308,114

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents that 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 percentage point lower or 1-percentage point higher than the current healthcare cost trend rates.

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
	5.00%	6.00%	7.00%
Total OPEB liability	\$ 1,272,905	\$ 1,414,577	\$ 1,585,329

Bondurant-Farrar Community School District

Notes to Financial Statements Year Ended June 30, 2022

Note 7. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

For the year ended June 30, 2022, the District recognized OPEB expense of \$173,990. At June 30, 2022, 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	\$ 270,873	\$ (26,204)
Changes of assumptions or other inputs	251,212	(5,829)
Net difference between projected and actual investments	-	-
Total	\$ 522,085	\$ (32,033)

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

Year ended June 30:

2023	49,060
2024	49,060
2025	49,060
2026	49,060
2027	49,060
Thereafter	244,752
	<u>\$ 490,052</u>

Note 8. Risk Management

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

Note 9. Pension and Retirement Benefits

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 7401 Register Drive P.O. Box 9118, Des Moines, Iowa 50306-9118 or at www.ipers.org.

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

Bondurant-Farrar Community School District

Notes to Financial Statements Year Ended June 30, 2022

Note 9. Pension and Retirement Benefits (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 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before 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. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

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

The District's contributions to IPERS for the year ended June 30, 2022 were \$1,532,219.

Bondurant-Farrar Community School District

**Notes to Financial Statements
Year Ended June 30, 2022**

Note 9. Pension and Retirement Benefits (Continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the District reported a liability of \$268,647 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2021, the District's proportion was -0.0077818 percent, which was a decrease of 0.263572 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense (income) of (\$498,853). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 204,403	\$ 205,232
Changes of assumptions	175,718	-
Net difference between projected and actual earnings on pension plan investments	-	9,733,507
Changes in proportion and differences between District contributions and proportionate share of contributions	1,019,555	-
District contributions subsequent to the measurement date	1,532,219	-
Total	<u>\$ 2,931,895</u>	<u>\$ 9,938,739</u>

Deferred outflows of resources of \$1,532,219 related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2023	\$ (1,997,080)
2024	(2,080,378)
2025	(1,975,621)
2026	(2,523,854)
2027	37,870
Total	<u>\$ (8,539,063)</u>

There were no non-employer contributing entities to IPERS.

Bondurant-Farrar Community School District

**Notes to Financial Statements
Year Ended June 30, 2022**

Note 9. Pension and Retirement Benefits (Continued)

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

Rate of Inflation (effective June 30, 2017)	2.60 percent per annum
Salary Increases (effective June 30, 2017)	3.25 percent to 16.25 percent average, including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 2017)	7.00 percent, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25 percent per annum, based on 2.60 percent inflation and 0.65 percent real wage inflation

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018. Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5%	6.01%
Global smart beta equity	6.0%	5.10%
Core plus fixed income	26.0%	0.29%
Public credit	4.0%	2.08%
Cash	1.0%	-0.25%
Private equity	13.0%	9.51%
Private real assets	7.5%	4.63%
Private credit	3.0%	2.87%
Total	100%	

Bondurant-Farrar Community School District

**Notes to Financial Statements
Year Ended June 30, 2022**

Note 9. Pension and Retirement Benefits (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan 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 7.0 percent, 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-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
District’s proportionate share of the net pension liability (asset)	\$ 9,508,287	\$ 268,647	\$ (7,474,759)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Payables to the Pension Plan – At June 30, 2022, the District reported payables to the defined benefit pension plan of \$133,221 for legally required employer contributions and \$88,767 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District’s actual amount for this purpose totaled \$1,107,816 for the year ended June 30, 2022 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Bondurant-Farrar Community School District

**Notes to Financial Statements
Year Ended June 30, 2022**

Note 11. Categorical Funding

The District's restricted fund balance for categorical funding as of June 30, 2022 is comprised of the following programs:

Program	Amount
Gifted and talented	\$ 255,925
Teacher salary supplement	59,047
Professional development	8,993
Four-year old preschool	227,694
Successful progression for early readers	33,002
Teacher leadership	264,697
At risk	122,198
Other	11
Total restricted for categorical funding	\$ 971,567

Note 12. Commitments and Contingencies

The District has financial commitments primarily relating to the High School and other remodeling projects of approximately \$64,065,196 as of June 30, 2022 of which, approximately \$19,955,578 of costs have been incurred. Sales tax and bond proceeds will fund the majority of these commitments.

Note 13. Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are 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. Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2022 under tax abatement agreements of other entities.

Entity	Tax Abatement Program	Amount of Tax Abated
City of Altoona	Urban renewal and economic development projects	\$ 10,673,000
City of Bondurant	Urban renewal and economic development projects	478,894

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2022, this reimbursement amounted to \$284,983.

Bondurant-Farrar Community School District

Notes to Financial Statements Year Ended June 30, 2022

Note 14. New Governmental Accounting Standards Board (GASB) Statements

The District adopted the following statements during the year ended June 30, 2022:

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The District restated governmental activities net position from \$36,028,731 to \$36,015,043 as a result of the new statement.

GASB Statement No. 89, *Accounting for Interest Cost before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that was previously accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or an enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including leases, intra-entity transfers, assets accumulated for postemployment benefits, applicability of Statement No. 84 to postemployment benefit arrangements, measurement of liabilities related to asset retirement obligations in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, nonrecurring fair value measurements of assets or liabilities, and terminology to refer to derivative instruments.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This statement provides exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variably payment, clarifies the hedge accounting termination provisions when a hedge item is amended to replace the reference rate, clarifies the uncertainty related to the continued availability of IBORS, removes LIBOR as an appropriate benchmark interest rate for qualitative evaluation, identifies a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap, and clarifies the definition of reference rate, as it is used in Statement 53, as amended.

Bondurant-Farrar Community School District

Notes to Financial Statements Year Ended June 30, 2022

Note 14. New Governmental Accounting Standards Board (GASB) Statements (Continued)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans- an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 3*. The primary objective of this Statement are to 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and 3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Other than the restatement for the implementation of GASB Statement No. 87, the implementation of the above statements did not have a material impact on the District's Financial Statements.

As of June 30, 2022, GASB had issued several statements not yet required to be implemented by the District. The Statements which might impact the District are as follows:

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019, will be effective for the District beginning with its fiscal year ending June 30, 2023. This Statement clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements association with conduit debt obligations; and improving required note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020, will be effective for the District beginning with its fiscal year ending June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, will be effective for the District beginning will its fiscal year ending June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription assets- an intangible asset- and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA.

Bondurant-Farrar Community School District

Notes to Financial Statements Year Ended June 30, 2022

Note 14. New Governmental Accounting Standards Board (GASB) Statements (Continued)

GASB Statement No. 99, *Omnibus 2022*, issued April 2022, will be effective for the District beginning with its fiscal year ending June 30, 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

GASB Statement No. 100, *Accounting Changes and Error Corrections- An Amendment of GASB Statement No. 62*, issued June 2022, will be effective for the District beginning with its fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, *Compensated Absences*, issued June 2022, will be effective for the District beginning with its fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirements to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (As long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

The District's management has not yet determined the effect these Statements will have on the District's financial statements.

Note 15. Subsequent Event

On September 22, 2022, the District issued \$8,390,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2022. The bonds are being issued for the middle school facility, baseball/softball field improvements, athletic field turf, land acquisition for a future elementary school and other capital projects. The bonds have interest rates ranging from 2.40 percent to 3.75 percent with interest due each July 1 and January 1 commencing January 1, 2023. Principal payments range from \$300,000 to \$590,000 due each July 1 commencing July 1, 2023 until maturity on July 1, 2042.

On September 22, 2022, the District issued \$1,610,000 General Obligation School Bonds, Series 2022. The bonds are being issued in conjunction with the School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2022 for capital projects. The bonds have an interest rate of 2.950 percent and principal payments ranging from \$35,000 to \$530,000. Interest is payable each June 1 and December 1 commencing December 1, 2022, and principal is due each June 1 commencing June 1, 2023 until maturity on June 1, 2026.

On December 2, 2022, the District entered into a land purchase agreement for \$4.1 million in spring 2023.

Bondurant-Farrar Community School District

Notes to Financial Statements
Year Ended June 30, 2022

Note 16. Restatement

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

	<u>Governmental Activities</u>
Net position, June 30, 2021, as previously reported	\$ 36,028,731
Right to use leased assets	405,585
Accumulated depreciation, Right to use leased assets	(69,473)
Lease obligations	<u>(349,800)</u>
Net position, June 30, 2021, as restated	<u><u>\$ 36,015,043</u></u>

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Bondurant-Farrar Community School District

Required Supplementary Information

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Actual to Budget - All Governmental Funds and Enterprise Funds
Year Ended June 30, 2022**

	Governmental Funds - Actual	Enterprise Funds - Actual
Revenues:		
Local sources	\$ 14,437,587	\$ 301,352
State sources	20,515,433	13,064
Federal sources	1,773,538	1,862,017
Total revenues	36,726,558	2,176,433
Expenditures/expenses:		
Instruction	17,377,114	65
Support services	10,063,312	5,831
Noninstructional programs	944	1,505,637
Other expenditures	25,265,511	-
Total expenditures/expenses	52,706,881	1,511,533
Excess of revenues over (under) expenditures/expenses	(15,980,323)	664,900
Other financing sources (uses):		
Issuance of long-term debt	21,390,000	-
Premium on issuance of long-term debt	598,305	-
Proceeds from sale of capital assets	3,940	-
Transfers in	2,191,553	-
Transfers (out)	(2,191,553)	-
Total other financing sources (uses)	21,992,245	-
Net change in fund balance/net position	6,011,922	664,900
Fund balance/net position, beginning of year	14,534,907	770,439
Fund balance/net position, end of year	\$ 20,546,829	\$ 1,435,339

See Notes to Required Supplementary Information.

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 14,738,939	\$ 15,164,786	\$ 15,164,786	\$ (425,847)
20,528,497	20,323,910	20,323,910	204,587
3,635,555	870,000	870,000	2,765,555
<u>38,902,991</u>	<u>36,358,696</u>	<u>36,358,696</u>	<u>2,544,295</u>
17,377,179	17,387,437	18,634,615	1,257,436
10,069,143	12,098,444	12,834,232	2,765,089
1,506,581	1,538,420	1,805,000	298,419
<u>25,265,511</u>	<u>24,292,035</u>	<u>28,724,863</u>	<u>3,459,352</u>
<u>54,218,414</u>	<u>55,316,336</u>	<u>61,998,710</u>	<u>7,780,296</u>
<u>(15,315,423)</u>	<u>(18,957,640)</u>	<u>(25,640,014)</u>	<u>10,324,591</u>
21,390,000	21,640,000	21,640,000	(250,000)
598,305	-	-	598,305
3,940	-	-	3,940
2,191,553	6,773,660	6,773,660	(4,582,107)
<u>(2,191,553)</u>	<u>(6,773,660)</u>	<u>(6,773,660)</u>	<u>4,582,107</u>
<u>21,992,245</u>	<u>21,640,000</u>	<u>21,640,000</u>	<u>352,245</u>
6,676,822	\$ 2,682,360	\$ (4,000,014)	\$ 10,676,836
15,305,346			
<u>\$ 21,982,168</u>			

Bondurant-Farrar Community School District

**Required Supplementary Information
Schedule of Changes in the District's Total OPEB
Liability and Related Ratios
Last Five Fiscal Years**

	2022	2021
Total OPEB liability		
Changes for the year:		
Service cost	\$ 75,064	\$ 81,082
Interest	48,866	39,061
Changes of benefit terms	-	-
Differences between expected and actual experience	250,195	-
Changes in assumptions or other inputs	(6,332)	-
Benefit payments	(85,865)	(44,903)
Net changes in total OPEB liability	281,928	75,240
Total OPEB liability - beginning	1,132,649	1,057,409
Total OPEB liability - ending	<u>\$ 1,414,577</u>	<u>\$ 1,132,649</u>
Covered employee payroll	\$ 12,482,680	\$ 13,219,922
Total OPEB liability as a percentage of covered employee payroll	11.33%	8.57%

Notes to Schedule:

Changes of benefit terms:

There were no changes as a result of changes in benefit terms.

Changes of assumption:

Changes of assumptions or other inputs reflect a change in the discount rate. The following are the discount rates used in each period:

3.54%	3.50%
-------	-------

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

Note: The schedule is intended to present information for ten years. Information prior to 2018 is not available.

	2020	2019	2018
\$	78,530	\$ 54,279	\$ 54,279
	36,431	22,263	20,685
	-	-	-
	53,753	(18,501)	(16,654)
	333,130	-	-
	(39,827)	(14,204)	(16,037)
	462,017	43,837	42,273
	595,392	551,555	509,282
\$	1,057,409	\$ 595,392	\$ 551,555

\$ 12,803,799 \$ 9,201,933 \$ 8,889,665

8.26% 6.47% 6.20%

3.50% 3.72% 3.72%

Bondurant-Farrar Community School District

Required Supplementary Information

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

Iowa Public Employees' Retirement System

Last Eight Fiscal Years

	2022*	2021*	2020*
District's proportion of the net pension liability	-0.077818%	0.185754%	0.177471%
District's proportionate share of the net pension liability	\$ 269	\$ 13,049	\$ 10,277
District's covered payroll	\$ 15,552	\$ 14,742	\$ 13,506
District's proportionate share of the net pension liability as a percentage of its covered payroll	1.73%	88.52%	76.09%
Plan fiduciary net pension as a percentage of the total pension liability	100.81%	82.90%	85.45%

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

Note: The schedule is intended to present information for ten years. Information prior to 2015 is not available.

Note: Amounts reported in thousands.

See Notes to Required Supplementary Information.

	2019*	2018*	2017*	2016*	2015*
	0.166165%	0.158550%	0.150889%	0.148017%	0.135255%
\$	10,515	\$ 10,561	\$ 9,496	\$ 7,313	\$ 5,364
\$	12,472	\$ 11,836	\$ 10,828	\$ 10,141	\$ 8,850
	84.31%	89.23%	87.70%	72.11%	60.61%
	83.62%	82.21%	85.19%	85.19%	87.61%

Bondurant-Farrar Community School District

**Required Supplementary Information
Schedule of District Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years**

	2022	2021	2020	2019
Statutorily required contribution	\$ 1,532	\$ 1,468	\$ 1,392	\$ 1,275
Contributions in relation to the statutorily required contribution	\$ (1,532)	\$ (1,468)	\$ (1,392)	\$ (1,275)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 16,180	\$ 15,552	\$ 14,742	\$ 13,506
Contributions as a percentage of covered payroll	9.47%	9.44%	9.44%	9.44%

Note: Amounts reported in thousands

See Notes to Required Supplementary Information.

	2018	2017	2016	2015	2014	2013
\$	1,114	\$ 1,057	\$ 967	\$ 906	\$ 790	\$ 677
\$	(1,114)	\$ (1,057)	\$ (967)	\$ (906)	\$ (790)	\$ (677)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	12,472	\$ 11,836	\$ 10,828	\$ 10,141	\$ 8,850	\$ 7,804
	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%

Bondurant-Farrar Community School District

Notes to Required Supplementary Information Year Ended June 30, 2022

Note 1. Budgets and Budgetary Accounting

This budgetary comparison is presented as required supplementary information in accordance with Government 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 the internal service fund. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year-end.

The District had one budget amendment on May 23, 2022, which increased total expenditures \$6,682,374.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, noninstructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides the District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

The District did not exceed budgeted expenditures.

Note 2. Iowa Public Employees' Retirement System Pension Liability

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.

Bondurant-Farrar Community School District

**Notes to Required Supplementary Information
Year Ended June 30, 2022**

Note 2. Iowa Public Employees' Retirement System Pension Liability (Continued)

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 quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

Bondurant-Farrar Community School District

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022**

	Special Revenue		
	Management Fund	Student Activity	Total
Assets			
Cash and pooled investments	\$ 828,399	\$ 231,264	\$ 1,059,663
Receivables:			
Property tax:			
Delinquent	2,728	-	2,728
Succeeding year	1,124,999	-	1,124,999
Accounts	-	11,567	11,567
Total assets	\$ 1,956,126	\$ 242,831	\$ 2,198,957
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 38,455	\$ 38,455
Total liabilities	-	38,455	38,455
Deferred inflows of resources, unavailable revenue:			
Succeeding year property tax	1,124,999	-	1,124,999
Fund balances			
Restricted for:			
Management levy purposes	831,127	-	831,127
Student activities	-	204,376	204,376
Total fund balances	831,127	204,376	1,035,503
Total liabilities, deferred inflows of resources and fund balances	\$ 1,956,126	\$ 242,831	\$ 2,198,957

Bondurant-Farrar Community School District

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2022**

	Special Revenue		
	Management Fund	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 1,001,853	\$ -	\$ 1,001,853
Other	115,835	479,721	595,556
State appropriation	22,629	-	22,629
Total revenues	1,140,317	479,721	1,620,038
Expenditures:			
Current:			
Instruction	29,065	481,703	510,768
Support services:			
Administration	105,876	-	105,876
Operation and maintenance of plant	415,439	-	415,439
Transportation	684	-	684
Total expenditures	551,064	481,703	1,032,767
Excess (deficiency) of revenues over (under) expenditures before transfers	589,253	(1,982)	587,271
Transfers in	-	38,909	38,909
Net change in fund balances	589,253	36,927	626,180
Fund balances, beginning of year	241,874	167,449	409,323
Fund balances, end of year	\$ 831,127	\$ 204,376	\$ 1,035,503

Bondurant-Farrar Community School District

**Schedule of Combining Balance Sheet
Capital Projects Fund - By Account
June 30, 2022**

	Capital Projects Accounts			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Projects	
Assets				
Cash and pooled investments	\$ 3,450,335	\$ 2,599,551	\$ 4,891,422	\$ 10,941,308
Receivables:				
Property tax:				
Delinquent	-	2,787	-	2,787
Succeeding year	-	1,351,593	-	1,351,593
Accounts	-	-	600	600
Due from other governments	583,906	-	-	583,906
Total assets	\$ 4,034,241	\$ 3,953,931	\$ 4,892,022	\$ 12,880,194
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities, accounts payable	\$ 30,507	\$ 286,873	\$ 2,267,579	2,584,959
Deferred inflows of resources, unavailable revenue:				
Succeeding year property tax	-	1,351,593	-	1,351,593
Statewide sales and services tax	388,511	-	-	388,511
Total deferred inflows of resources	388,511	1,351,593	-	1,740,104
Fund Balances:				
Restricted for:				
School infrastructure	3,615,223	-	2,624,443	6,239,666
Physical plant and equipment	-	2,315,465	-	2,315,465
Total fund balances	3,615,223	2,315,465	2,624,443	8,555,131
Total liabilities, deferred inflows of resources and fund balances	\$ 4,034,241	\$ 3,953,931	\$ 4,892,022	\$ 12,880,194

Bondurant-Farrar Community School District

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund - By Account
Year Ended June 30, 2022**

	Capital Projects Accounts			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Projects	
Revenues:				
Local sources:				
Local tax	\$ -	\$ 1,122,705	\$ -	\$ 1,122,705
Other	3,739	4,431	7,005	15,175
State appropriations	2,777,137	26,997	-	2,804,134
Total revenues	2,780,876	1,154,133	7,005	3,942,014
Expenditures:				
Current:				
Support services:				
Administration	-	43,154	-	43,154
Operation and maintenance of plant	30,507	35,400	-	65,907
Transportation	116,669	-	-	116,669
Other expenditures:				
Facilities acquisition	291,825	343,753	18,548,152	19,183,730
Debt service:				
Interest and fiscal charges	1,000	-	41,710	42,710
Total expenditures	440,001	422,307	18,589,862	19,452,170
Excess (deficiency) of revenues over (under) expenditures	2,340,875	731,826	(18,582,857)	(15,510,156)
Other financing sources (uses):				
Issuance of long-term debt	-	-	21,390,000	21,390,000
Premium on issuance of long-term debt	-	-	598,305	598,305
Transfers in	1,010,702	-	1,000,004	2,010,706
Transfers (out)	(2,402,294)	(750,354)	(1,010,702)	(4,163,350)
Total other financing sources (uses)	(1,391,592)	(750,354)	21,977,607	19,835,661
Net change in fund balance	949,283	(18,528)	3,394,750	4,325,505
Fund balance (deficit), beginning of year	2,665,940	2,333,993	(770,307)	4,229,626
Fund balance, end of year	\$ 3,615,223	\$ 2,315,465	\$ 2,624,443	\$ 8,555,131

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Bondurant-Farrar Community School District

**Schedule of Changes in Special Revenue Fund,
Student Activity Accounts
Year Ended June 30, 2022**

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
HS Musical	\$ 8,594	\$ 3,837	\$ 3,118	\$ 9,313
HS Play	3,792	1,296	2,311	2,777
Speech	-	1,498	1,498	-
Vocal Music	-	1,113	1,113	-
Instrumental Music	-	1,125	1,125	-
Instrumental Music Resale	4,840	9,866	6,062	8,644
Jayz Danz Drill Team	-	-	-	-
Jayz Danz Resale	2,880	16,296	9,063	10,113
General Athletics	68,191	306,262	334,500	39,953
Prom Account	5,667	7,225	3,931	8,961
We Care	4,314	21,900	19,486	6,728
Jump Rope for Heart	388	-	-	388
3rd Grade Bubble Account	313	-	-	313
Honor Society	-	610	610	-
Yearbook- HS	1,302	630	-	1,932
Art Club	-	725	725	-
Industrial Tech- Donations	3	-	-	3
Club Hola	3,452	2,775	633	5,594
Archery	3,507	12,599	7,504	8,602
FBLA	5,020	13,886	18,894	12
FFA	8,836	20,792	22,799	6,829
FCCLA	-	109	-	109
Student Council	5,055	7,320	6,247	6,128
Middle School Student Council	5,842	15,128	12,808	8,162
Anderson Student Council	510	240	312	438
Robotics	9,264	11,889	10,631	10,522
After School Activities	14,264	19,800	17,440	16,624
Yearbook- MS	4,257	530	-	4,787
Elementary Yearbook	7,158	1,504	127	8,535
Art Department	-	766	766	-
Transfers	-	38,909	-	38,909
Total	\$ 167,449	\$ 518,630	\$ 481,703	\$ 204,376

Bondurant-Farrar Community School District

Schedule of Revenues by Source and Expenditures by Function

All Governmental Funds - Modified Accrual Basis

Last Ten Years

	Years Ended June 30:			
	2022	2021	2020	2019
Revenues:				
Local sources:				
Local tax	\$ 12,053,966	\$ 10,360,875	\$ 9,423,319	\$ 7,909,089
Tuition	1,254,328	1,121,516	1,225,875	1,091,703
Other	1,129,293	773,549	1,515,078	1,291,151
State sources	20,515,433	19,894,936	17,852,035	16,733,678
Federal sources	1,773,538	1,222,163	424,948	545,373
Total revenues	\$ 36,726,558	\$ 33,373,039	\$ 30,441,255	\$ 27,570,994
Expenditures:				
Instruction	\$ 17,377,114	\$ 15,648,331	\$ 14,761,235	\$ 13,485,975
Support services:				
Student services	811,958	804,948	720,029	694,620
Instructional staff services	2,124,417	2,166,359	2,298,833	1,834,858
Administration services	3,128,339	2,761,208	2,553,853	2,294,500
Operation and maintenance of plant services	3,138,943	3,254,845	2,625,743	2,582,739
Transportation services	859,655	688,697	709,127	864,427
Non-instructional programs	944	500	-	-
Other expenditures:				
Facilities acquisition	19,183,730	9,929,225	2,583,849	7,566,018
Long-term debt:				
Principal	3,660,463	2,425,000	1,670,000	1,690,000
Interest	1,313,502	883,541	874,315	927,484
AEA flowthrough	1,107,816	1,062,055	979,867	886,249
Total expenditures	\$ 52,706,881	\$ 39,624,709	\$ 29,776,851	\$ 32,826,870

Years Ended June 30:					
2018	2017	2016	2015	2014	2013
\$ 6,955,834	\$ 6,468,399	\$ 5,881,168	\$ 5,331,255	\$ 5,371,175	\$ 6,292,068
1,058,969	1,121,157	962,912	875,767	803,354	834,199
1,136,270	875,304	713,573	805,576	660,680	680,433
15,910,214	14,920,351	12,974,898	12,085,928	10,501,047	8,289,088
561,749	402,617	459,427	459,588	433,423	557,872
<u>\$ 25,623,036</u>	<u>\$ 23,787,828</u>	<u>\$ 20,991,978</u>	<u>\$ 19,558,114</u>	<u>\$ 17,769,679</u>	<u>\$ 16,653,660</u>
\$ 12,340,797	\$ 11,904,333	\$ 10,868,557	\$ 10,592,170	\$ 9,620,521	\$ 8,613,650
653,224	634,125	599,763	552,968	472,634	446,986
1,489,514	927,412	924,989	782,579	860,996	702,125
2,199,475	1,990,985	1,876,984	1,860,391	1,591,220	1,427,516
2,470,683	2,140,385	1,997,918	1,822,454	1,952,144	1,245,432
927,132	684,799	695,007	667,891	877,963	501,329
-	-	-	-	-	-
10,605,397	4,082,370	639,453	2,185,104	11,297,795	2,618,208
8,035,000	1,915,000	1,295,000	685,000	660,000	640,000
1,030,557	912,078	586,065	617,555	541,920	558,464
843,233	777,315	710,923	657,374	572,519	519,255
<u>\$ 40,595,012</u>	<u>\$ 25,968,802</u>	<u>\$ 20,194,659</u>	<u>\$ 20,423,486</u>	<u>\$ 28,447,712</u>	<u>\$ 17,272,965</u>

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Bondurant-Farrar Community School District

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Pass-Through Iowa Department of Education:				
Child Nutrition Cluster Program:				
School Breakfast Program	10.553	FY22 4552	\$ -	\$ 256,179
National School Lunch Program	10.555	FY22 4553	-	1,435,955
COVID-19 Child Nutrition Program CARES				
Grants to States	10.555	FY22 4553	-	9,989
Commodities -DOD (Noncash)	10.555	FY22	-	59,988
Commodities (Noncash)	10.555	FY22	-	60,155
			-	1,566,087
Summer Food Service Program for Children	10.559	FY22 4556	-	39,751
Total Child Nutrition Cluster Program			-	1,862,017
COVID-19 Pandemic EBT Administrative Costs	10.649	FY22 4046	-	614
Total U.S. Department of Agriculture			-	1,862,631
Federal Communication Commission				
Direct:				
Emergency Connectivity Fund Program	32.009	FY22 4366	-	440,765
U.S. Department of Education				
Pass-Through Iowa Department of Education:				
Title 1 Grants to Local Educational Agencies	84.010	FY22 4501	-	121,552
Supporting Effective Instruction State Grants	84.367	FY22 4643	-	16,850
Student Support and Academic				
Enrichment Program	84.424	FY22 4669	-	10,000
Education Stabilization Fund:				
COVID-19 Discretionary Grants: Rethink K-12				
Education Models Grants	84.425B	FY22 4053	-	6,735
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	FY22 4048	-	156,093
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	FY22 4055	-	77,244
			-	233,337
COVID-19 ARP-Elementary and Secondary School Emergency Relief Fund (ARP-ESSER)	84.425U	FY22 4048	-	21,530
COVID-19 ARP-Elementary and Secondary School Emergency Relief Fund (ARP-ESSER)	84.425U	FY22 4043	-	170,048
COVID-19 ARP-Elementary and Secondary School Emergency Relief Fund (ARP-ESSER)	84.425U	FY22 4045	-	260,994
			-	452,572
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief- Homeless Children and Youth (ARP-HCY)	84.425W	FY22 4044	-	5,607
Total Education Stabilization Fund (Continued)			-	698,251

Bondurant-Farrar Community School District

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Education (continued)				
Pass-Through Heartland Area Education Agency:				
Special Education Cluster Program:				
Special Education - Grants to States				
IDEA, Part B	84.027	FY22 4521	\$ -	\$ 102,146
COVID-19 American Rescue Plan- Special Education Grants to States (Part B)	84.027X	FY22 4031	-	15,758
Total Special Education Cluster Program			-	117,904
Pass-Through Urbandale Community School District:				
Career and Technical Education- Basic Grants to States	84.048	FY22 4531	-	5,245
Total U.S. Department of Education			-	969,802
Total Expenditures of Federal Awards			\$ -	\$ 3,273,198

See notes to schedule of expenditures of federal awards.

Bondurant-Farrar Community School District

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

Note 1. Basis of Presentation

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

Note 2. Summary of significant accounting policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual or accrual basis of accounting based on the fund-type of the program. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Revenue from federal awards is recognized when the District has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal awards is recognized when it is both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

Note 3. Indirect Cost Rate

The District has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

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Bondurant-Farrar Community School District

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022**

Finding	Status	Reason for Recurrence and Corrective Action Plan or Other Explanation
---------	--------	-----------------------------------------------------------------------------

**Other Findings Related to Required Statutory
Reporting:**

IV-A-21: Expenditures/expenses for the year ended June 30, 2021, exceeded the amount budgeted in the instruction function. Corrected.

IV-N-21: At June 30, 2021, the Other Construction Projects Account within the Capital Projects Fund had a deficit balance of \$770,307. Corrected.

Bondurant-Farrar District Office

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

To the Board of Education
Bondurant-Farrar Community School District
Bondurant, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Bondurant-Farrar Community School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 21, 2023.

Our report includes an emphasis of matter paragraph for the implementation of Governmental Accounting Standards Board Statement No. 87.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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

District's Responses to the Findings

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

Purpose of this Report

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

Bohnsack & Frommelt LLP

Moline, Illinois
March 21, 2023



**Independent Auditor’s Report on Compliance For
Each Major Federal Program and Report on Internal Control
Over Compliance Required by the Uniform Guidance**

To the Board of Education
Bondurant-Farrar Community School District
Bondurant, Iowa

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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.

Bohnsack & Frommelt LLP

Moline, Illinois
March 21, 2023

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Bondurant-Farrar Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency identified? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency identified? Yes None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

Federal Assistance

Listing Number	Name of Federal Program or Cluster
Child Nutrition Cluster Program:	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	COVID-19 Child Nutrition Program CARES Grants to States
10.555	Commodities -DOD (Noncash)
10.555	Commodities (Noncash)
10.559	Summer Food Service Program for Children
Education Stabilization Fund:	
84.425B	COVID-19 Discretionary Grants: Rethink K-12 Education Models Grants
84.425D	COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II)
84.425U	COVID-19 ARP- Elementary and Secondary School Emergency Relief Fund (ARP-ESSER)
84.425W	COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief- Homeless Children and Youth (ARP-HCY)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

(Continued)

Bondurant-Farrar Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

Part II: Findings Related to the Basic Financial Statements

Instances of noncompliance:

No matters were reported.

Internal control deficiencies:

Significant Deficiencies:

2022-001

Finding: The District has insufficient segregation of duties over the disbursement process.

Criteria: A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process and report financial data reliably in accordance with generally accepted accounting principles (GAAP).

Condition: One individual at the District has the access to the vendor master file, processes accounts payable and generates checks and the ACH to the bank. This position obtains credit card statements directly and matches cardholder purchase receipts to the credit card statements. This position maintains the check sequence log and prepares the signed checks for mailing by matching the check stub to the invoice.

Context: The deficiency is over all disbursement transactions of the District.

Effect: Misappropriations of assets could occur and not be detected in a timely basis.

Cause: One employee has access from initiation to completion of the disbursement process.

Identification as a repeat finding: This is not a repeat finding.

Recommendation: In order to strengthen internal controls over the disbursement process we recommend the following compensating controls be implemented at the District:

- Vendor master file access should be removed from the position processing accounts payable transactions.
- After the Business Manager and Board member have manually signed all checks, the signed checks should not be given back to the position that generated them. Instead, an individual without accounts payable processing access should match the check stub to the invoice, stuff and mail the checks. This position would also maintain the check sequence logs of all bank accounts and ensure there are no gaps in check sequence and follow up if any occur.
- Credit card statements should go directly to the cardholders for review and approval prior to being processed. The cardholders should match their purchase receipts to the statements. Credit cards statements not assigned to a specific employee should go directly to the Business Manager for review and approval.

Response and Corrective Action Plan: Assigned duties and available District staff will be reviewed annually for increased opportunities to further segregate duties.

Bondurant-Farrar Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

Part III: Findings and Questioned Costs for Federal Awards

Instances of noncompliance:

No matters were reported.

Internal control deficiencies:

No matters were reported.

Part IV: Other Findings Related to Statutory Reporting

IV-A-22

Certified Budget: Expenditures for the year ended June 30, 2022 did not exceed the amounts budgeted at year-end.

IV-B-22

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-22

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-22

Business Transactions – No business transactions between the District and District officials or employees were noted except for the following:

<u>Official</u>	<u>Transaction Description</u>	<u>Amount</u>
Michael Ugolini Spouse of Board Member	Mowing	\$1,015

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

IV-E-22

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-22

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.

(Continued)

Bondurant-Farrar Community School District

Schedule of Findings and Questioned Costs Year Ended June 30, 2022

IV-G-22

Board Minutes:

Finding: The Board minutes were not published in accordance with Chapter 279.35 and 279.36 of the Code of Iowa. The Board minutes are generally published 30 days after the board meeting.

Recommendation: We recommend the District evaluate options for publication to be in compliance.

Response and Corrective Action Plan: The District will evaluate options for complying with the Code of Iowa for publication of the Board of Education minutes.

Conclusion: Response accepted.

IV-H-22

Certified Enrollment: No variances regarding the basic enrollment data certified to the Iowa Department of Education were noted.

IV-I-22

Supplementary Weighting: No variances in the supplementary weighting data certified to the Iowa Department of Education were noted.

IV-J-22

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-22

Certified Annual Report: The Certified Annual Report was certified timely to the Iowa Department of Education.

IV-L-22

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

Bondurant-Farrar Community School District

Schedule of Findings and Questioned Costs Year Ended June 30, 2022

IV-M-22

Statewide Sales and Services Tax: No instances of noncompliance with the use of the statewide sales and services tax revenue provisions of 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 and services tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2022, the District reported the following information regarding the statewide sales and services tax revenue in the District's CAR:

Beginning balance		\$	2,665,940
Revenue / transfers in:			
Statewide sales and services tax revenue	\$	2,777,137	
Other		3,739	
Transfers in		<u>1,010,702</u>	3,791,578
Expenditures/transfers out:			
Operation and maintenance of plant		30,507	
Transportation		116,669	
School infrastructure:			
Buildings and improvements		291,825	
Debt service		1,000	
Transfers out		<u>2,402,294</u>	2,842,295
Ending balance			<u>\$ 3,615,223</u>

For the year ended June 30, 2022, the District did not have a reduced tax levy as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

IV-N-22

Construction Contracts:

Finding: A notice to bidders was not posted in compliance with Chapter 26.3 of the Code of Iowa. The notice to bidders for the Bluejay Stadium bleacher additions project was posted on February 28, 2022. The bid opening was March 10, 2022. The Code states a notice to bidders is posted not less than 13 days but not more than 45 days before the date for filing bids.

Recommendation: We recommend the District put procedures in place to ensure the District is in compliance with Chapter 26.3.

Response and Corrective Action Plan: The District will evaluate current processes and implement changes to ensure compliance with Chapter 26.3.

Conclusion: Response accepted.

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Bondurant-Farrar Community School District

**Corrective Action Plan
Year Ended June 30, 2022**

Findings	Corrective Action Plan	Contact and Anticipated Date of Completion
Findings Related to Basic Financial Statements:		
2022-001: The District has insufficient segregation of duties over the disbursement process.	See response and corrective action plan at 2022-001.	Cari Aylsworth June 30, 2023
Other Findings Related to Required Statutory Reporting:		
IV-G-22: The board minutes were not published in accordance with Chapter 279.35 and 279.36 of the Code of Iowa.	See response and corrective action plan at IV-G-22	Cari Aylsworth June 30, 2023
IV-N-22: A notice to bidders was not posted in compliance with Chapter 26.3 of the Code of Iowa.	See response and corrective action plan at IV-N-22.	Cari Aylsworth June 30, 2023

Bondurant-Farrar District Office

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