



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
of the
MUSCATINE COMMUNITY SCHOOL DISTRICT
Muscatine, Iowa**

For the Fiscal Year Ended June 30, 2022

2900 Mulberry Ave, Muscatine, Iowa 52761

In the county of Muscatine, State of Iowa

**Annual Comprehensive Financial Report of the
Muscatine Community School District**

Muscatine, Iowa

For the Fiscal Year Ended June 30, 2022

Official Issuing Report

Tom Anderson, Director of Finance & Budget

Office Issuing Report

Finance Department

Introductory Section

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Muscatine Community School District
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Muscatine, Iowa 52761

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January 10, 2023

John Dabeet, President,
Members of the Board of Education,
and the Citizens of Muscatine Community School District
Muscatine, Iowa

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the Muscatine Community School District (the District) for the fiscal year ending June 30, 2022. This report has been prepared to conform to guidelines recommended by the Association of School Business Officials (ASBO) International and the Government Finance Officers Association (GFOA) of the United States and Canada.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Management Responsibility

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of the operations of the governmental activities, business-type activities, each major fund and aggregate of the remaining funds of the District in accordance with generally accepted accounting principles, (GAAP). It includes all funds of the entire District. The District is not included in any other reporting entity, nor are any other entities included within this report. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

Independent Audit/Legal Requirements

The Code of the State of Iowa requires an annual audit of the District to be performed by an accounting firm selected in a competitively bid process. The annual audit meets the requirements of the Code of Iowa, generally accepted auditing standards and the annual single audit requirements of Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The auditor's report on the basic financial statements and combining and individual fund statements and other schedules is included in the financial section of this report. Information related to this single audit, including a schedule of expenditures of federal awards, summary schedule of prior audit findings, the independent auditor's report on internal control over financial reporting and on compliance and other matters, independent auditor's report on compliance with requirements applicable to each major program and internal control over compliance, a schedule of findings and questioned costs and corrective action plans (if any) are included in the Compliance Section of this report.

"Every student is a success story"

All of the District's funds are presented in this report and have been audited by the District's independent certified public accountants, Bohnsack & Frommelt LLP, Certified Public Accountants. Bohnsack & Frommelt LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Muscatine Community School District's financial statements for the year ended June 30, 2022. The independent auditor's report is located at the front of the financial section of the ACFR.

Internal Control

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the internal accounting controls of the school district adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the District is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. As part of the District's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards programs, as well as to determine that the District has complied with applicable laws and regulations.

Basis of Presentation

The charts and accounts used by the District have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Government units issued by the American Institute of Certified Public Accountants. In addition, the District's accounting records materially conform to the Uniform Financial Accounting for Iowa Schools and Area Education Agencies issued by the Iowa Department of Education and Chapter 11 of the Code of Iowa. The chart of accounts manual is updated annually, and the District is materially in compliance with these requirements.

Profile of the District

The District is located in East Central Iowa along the picturesque banks of the Mississippi River. Muscatine is a city rich with history and a business sense. The city is located just 15 miles south of the nation's only East/West transcontinental interstate highway, Interstate 80, and alongside U.S. 61, a major North/South route through the central United States. Centrally located, Muscatine is an easy half-day drive from Minneapolis/St. Paul, Omaha and Indianapolis, while being just hours from Des Moines and Chicago. The location has given us strategic importance for over 150 years. Once the "Pearl Button Capital of the World," Muscatine boasts a stable economic base that is appealing even to areas with many times our population. Moreover, our net of employment reaches out to communities on both sides of the Mississippi, making us a strong economic force in the Iowa/Illinois bi-state area.

The resident population of the Muscatine Community School District was approximately 23,797 in the year 2020 according to the U.S. Census Bureau. The District serves the education needs of approximately 4,724

students. All buildings are air-conditioned and equipped with state of the art technology. In the 2021-22 school year, the district had one preschool building, 6 elementary schools, one 7-8 junior high school, and one 9-12 high school. Construction on the newest elementary school, Jefferson Elementary was completed in 2015.

The District provides a full range of educational services for those attending the Muscatine Community School District including basic, regular and enriched academic education, specialized instruction for handicapped children, vocational education and many individualized programs such as specialized instruction for students at-risk. There are no charter school relationships within the District.

The District is supported financially by state aid, property taxes, state and federal grants for special projects and local revenue. The District is governed by a seven-member board of education, serving staggered terms of four years. School elections are held in November of odd numbered years. The Board of Directors is a policy-making and planning body whose decisions are carried out by school administrators. The District is subject to the general oversight of the Iowa Department of Education. This oversight generally includes an approval process that reviews compliance to standards enacted by legislative mandate.

The combined financial statements include all funds, organizations, agencies, boards, commissions and other 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 criteria considered in determining financial accountability 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.

Budgeting

The District's Board of Education annually adopts a budget and approves the related appropriations for the General, Special Revenue, Debt Service, Capital Projects and Enterprise Funds in accordance with provisions outlined in the statutes of the State of Iowa. The budgets are prepared on an accrual basis, which details estimates of GAAP revenues and GAAP expenditures, and use of beginning fund balances, whereas the financial statements of the funds are prepared on either the modified accrual basis or accrual basis of accounting. A statement comparing the budget to actual receipts and disbursements is included in the required supplemental information in aggregate form for fund types for which budgets are required. For management control, the budget is reviewed on a line item basis. Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type.

It should be noted that school districts have two levels of budgetary control. One form of budgetary control exists through the certified budget, which includes all funds of the District (the type of budget explained in the preceding paragraph). This budget is certified with the County Auditor and the Iowa Department of Management each year. Iowa school districts may not certify a general fund budget in excess of its spending authority.

The other level of budgetary control is the unspent (maximum) authorized budget and pertains only to the General Fund of the District. The maximum authorized budget is the total spending authority in the General Fund of the District. The unspent budget is a budgetary concept and is not equivalent to General Fund cash. It is imperative for users of District financial information to make this important distinction. The unspent balance is the amount of spending authority that is carried over into the next fiscal year. The unspent balance is a budgetary carryover and does not represent actual dollars (General Fund cash) or

actual financial position (nonspendable, restricted, assigned or unassigned General Fund fund balance) of the District.

Economic Condition and Outlook

Major employers in the area: Bayer (formerly Monsanto), Bridgestone/Bandag, H.J. Heinz, Raymond Corporation, Kent Corporation, HNI Corporation, Musco Lighting, Stanley Consultants, Carver Pump.

The Quad Cities region is a bi-state, six-county region comprised of Clinton, Muscatine, and Scott Counties in Iowa, and Henry, Mercer, and Rock Island Counties in Illinois, which includes the Davenport-Moline-Rock Island IA-IL msa; the Clinton, IA msa, and the Muscatine, IA msa.

The unemployment rate in Muscatine County, Iowa averaged 3.3% between January, 2022 to August, 2022. This was lower than the national average of 3.7%.

The District enrollment is expected to decrease by about 400 students in the next five years to about 4,220 students. In the next five years, elementary enrollment will decrease by about 80 students to 2,350, middle school enrollment to decrease by about 120 students to 620, and High School enrollment to decrease by over 220 students to 1,200 students. The district will need to evaluate elementary boundaries and transfer policy to solve capacity challenges at targeted elementary schools. The district will continue to monitor development trends; specifically, if the development activity increases in upcoming years. We will also be monitoring the size of incoming Kindergarten classes versus the size of the outgoing graduating senior class. The number of live births reported year to year will also be an important data point, as currently it indicates fewer live births and will impact cohort changes from year to year.

Taxable valuations of property in the District continue to increase each year. The average growth in the District's taxable valuations (including tax increment financing (TIF's)) over the last ten years has been 2.5%. In the 2021-22 fiscal year (taxable valuations as of January 1, 2020), the increase was 3.75%.

The three oldest school buildings in the District, Franklin, Grant, and Madison Elementary Schools, were originally built in 1954. Other school buildings in the District have original build dates between 1960 and 2015.

The financial solvency ratio of the District measures movement and distribution of current assets. The financial solvency ratio represents a school district's year-end position after payment of all current and outstanding or accrued liabilities. Iowa Association of School Boards recommends a target solvency ratio within a range of 5% to 15%. The District's solvency ratio at June 30, 2022 is 19.2%, which is an increase from 19.2% at June 30, 2021. Much of this increase in solvency can be attributed to additional federal relief funds received as a result of the COVID pandemic.

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. Certified enrollment for the District continues to decrease. The district cost per pupil for 2021-2022 was \$7,227 and the cost per pupil for 2022-23 is \$7,413.

In the spring of 2022, the Iowa Legislature passed a significant change to student open enrollment laws. The change addressed the long-standing condition of the law that districts could manage the numbers of students leaving a home district to attend a neighboring district, which was accomplished through application timelines and home district approval conditions. The 2022 law adjustment eliminated

application timelines and the need for rationale to qualify. The full impact of this change will take several years to fully realize.

In recent years, the state of Iowa has faced an economic downturn that severely hampered its ability to fund schools at the same level as in prior years. The District has faced inadequate funding for state aid and other state-funded programs, and this has resulted in lower supplemental state aid. The supplemental state aid has been complimented with increased enrollment allowing the District to not need to make budget cuts in recent years.

Debt Administration

As of June 30, 2022 the District did not have any outstanding debt. However, In 2021 the district completed a facilities study that resulted in borrowing \$25M in sales tax revenue bonds in November/December 2022. The projects selected were based on the greatest needs determined by the facility study. The projects include secured entrances at two elementary schools and the junior high as well as additions to the junior high and one elementary school.

Long-term Financial Planning and Relevant Financial Policies

Financial Policies

The District invests in only those securities allowed by the Code of Iowa, Chapter 12C. The District's cash and pooled investments consist of depository accounts at financial institutions including short-term and long-term nonnegotiable certificate of deposits. The cash balances of the District's funds are pooled. Interest revenue of \$35,602 was earned on all deposits and investments for the fiscal year ending June 30, 2022.

The District currently covers property and liability losses with traditional insurance coverage. The group health plan is self-funded and dental plan is fully insured.

A comprehensive accounting system is promulgated by the Iowa Department of Education including account numbers for revenues and expenditures by function and object. The District additionally tracks revenues by source of funds and expenditures by location, curricular program and funding source.

For long-term planning, the District utilizes a "Comprehensive Financial Planning Model" to project out various scenarios and how they could affect the financial health of the District in the next five years. The District also has a "Five Year Capital Projects Plan" which is updated at least annually for projecting future capital project needs in the District.

Major Initiatives and Achievements

In 2020, Muscatine High School met with stakeholders to develop a vision of the skills and attributes that all students should have when they graduate from MHS and enter the workforce or continue with any of the multiple post-secondary opportunities. Feedback and input was gathered from students, staff, parents, and community members. *Portrait of a Muskie Graduate* developed multiple pathways for student success including; revised graduation requirements to better align with state requirements and created opportunities for work based learning experiences. As well as assuring better access to Career Pathways with Muscatine Community College.

Over the past several years, the graduation rates at MHS have slowly improved, but are still significantly below state averages. The high school team has expanded work-based learning opportunities for students. This past year over 75 students participated at a variety of local businesses including HNI, Musco, Lutheran Homes, and Ruan Transportation. They've also expanded the number of students participating in Career Academies at MCC. The Academies provide a structured learning track for Culinary, Healthcare, Welding, Business, IT, K-12 teaching, and Credit Transfer programs for students looking to complete an associates degree in high school to transfer directly to a 4-year college or university. This year, 70 students participated, which is a 30% increase from the previous year. We anticipate those numbers to grow as additional programs will be offered by MCC in Auto Tech, Criminal Justice, HVAC, and earning a Coaching Certificate. All of these improvements have contributed to our increasing graduation rate this past year, while the state average declined. We have also increased post-secondary enrollment from 59% to 63% in a time frame that saw the state and a majority of local districts enrollments have decreased.

We continue to follow our mission statement that every student will excel in thinking, learning, achieving and caring in partnership with our staff, families, and community. Our district's shared vision that every student is a success story engaging in real and relevant learning, being respected, accepted, and celebrated, and developing personalized pathways is carried out by our staff on a daily basis.

Certificate of Excellence in Financial Reporting

This submission is the District's first submission to the Association of School Business Officials of the United States and Canada (ASBO) Certificate of Excellence in Financial Reporting for its annual comprehensive financial report for the fiscal year ended June 30, 2022. In order to be awarded the Certificate, a governmental must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The certificate is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report meets program requirements for the award and we are submitting it to ASBO to determine its eligibility for the certificate.

We wish to take this opportunity to thank the administrative office staff who assisted in obtaining and organizing data, our financial auditors, the County Auditor and Treasurer offices and the city officials who provided much needed information. Without all of the above groups' efforts, the report could not have been completed.

Finally, sincere appreciation is extended to the Board of Directors, where the commitment to excellence begins. It is with great pride that this year's Comprehensive Annual Financial Report is submitted to the Board of Directors.

Respectfully submitted,



Thomas P. Anderson
Director of Finance & Budget



Clint Christopher
Superintendent

Muscatine Community School District

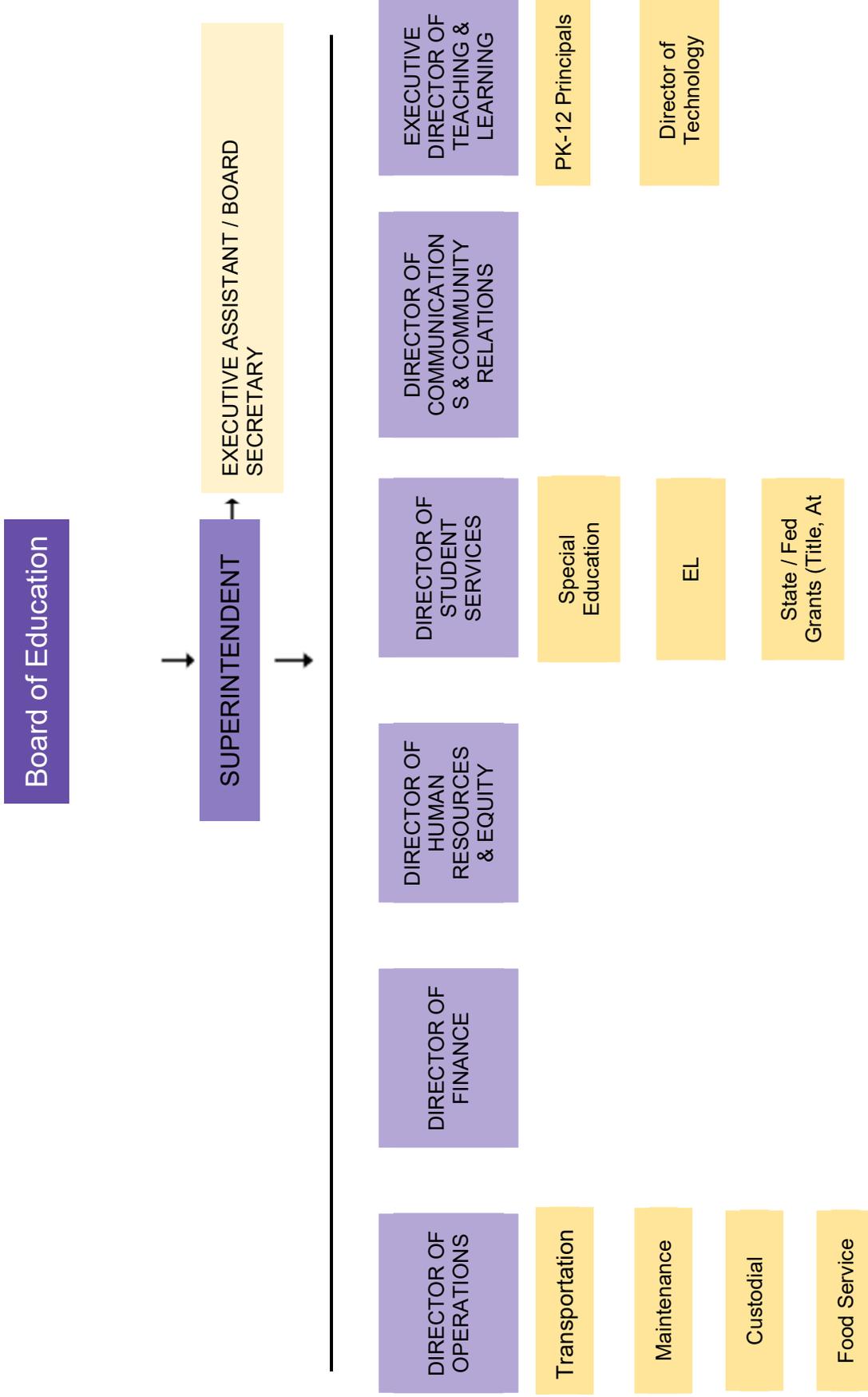
**Board of Education and School Officials
Year Ended June 30, 2022**

Name	Title	Term Expires
John Dabeet	President	2023
Mike Morgan	Vice President	2023
Matt Conard	Board Member	2025
Karen Cooney	Board Member	2023
Ken LaRue	Board Member	2025
Lindsey Phillips	Board Member	2025
Denny Schuur	Board Member	2023

School Officials

Clint Christopher	Superintendent	2022
Tom Anderson	Director of Finance	2022
Lisa Mosier Bunn	District Secretary	2022
Ahlers & Cooney, P.C.	Attorney	Indefinite

Muscatine Community School District





To the Board of Education
Muscatine Community School District
Muscatine, 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 Muscatine Community School 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 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 Muscatine Community School District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with 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 (Government Auditing Standards). 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 Muscatine Community School District 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, Muscatine 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 \$10,575. 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 Muscatine Community School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Muscatine Community School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Muscatine Community School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, and schedule of the District's proportionate share of the net pension liability and schedule of District contributions on pages 4-14 and 53-62 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 Muscatine 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2023, on our consideration of the Muscatine 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 Muscatine 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 Muscatine Community School District's internal control over financial reporting and compliance.

Bohnsack & Frommelt LLP

Moline, Illinois
January 10, 2023

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Muscatine Community School District

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

Muscatine 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:

2021-22 FINANCIAL HIGHLIGHTS

The District showed an increase in net position of \$11,263,191 and an increase of \$2,351,145 during the years ended June 30, 2022 and 2021, respectively.

Total revenues for the fiscal year ended June 30, 2022 and 2021 of \$73,139,013 and \$70,554,233 were comprised of general revenues in the amount of \$52,935,998 and \$52,375,787 and program revenues totaling \$20,203,015 and \$18,178,446 respectively.

As of June 30, 2022, the District's governmental funds reported combined fund balances of \$25,735,412 an increase of \$4,099,592 in comparison to 2021. As of June 30, 2021, the District's governmental funds reported combined fund balances of \$21,635,820 an increase of \$4,918,656 in comparison to 2020.

USING THIS ANNUAL REPORT

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

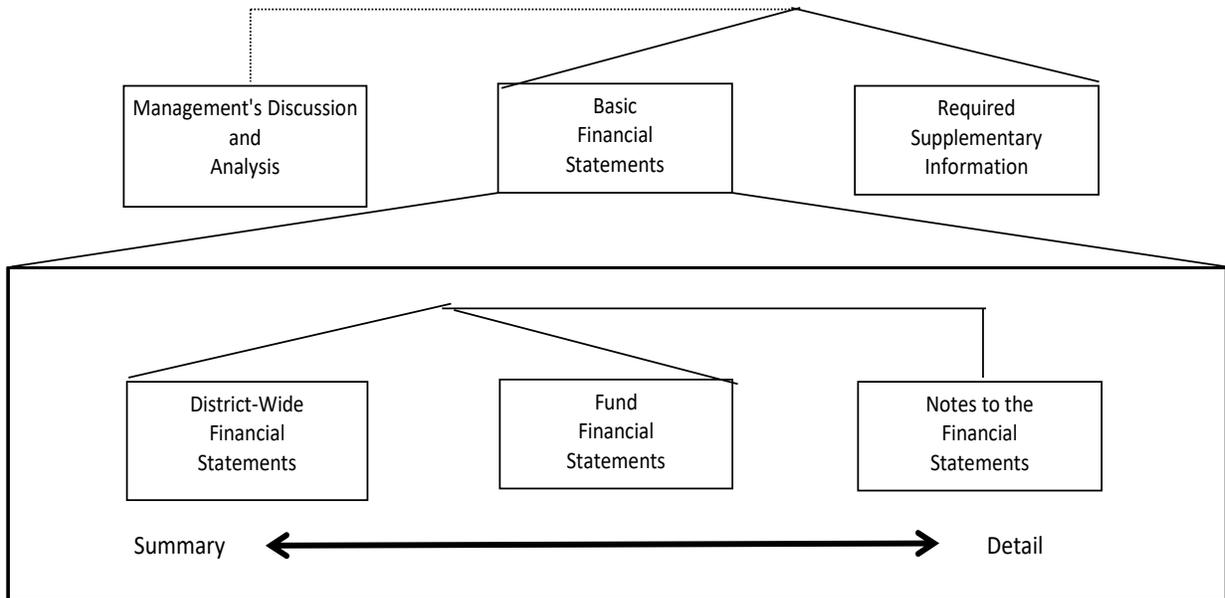
- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Muscatine 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 Muscatine 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 Muscatine Community School District acts solely as an agent or custodian for the benefit of those outside of the District.
- Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year.
- Other supplementary information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefitting the District.

Muscatine 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
Muscatine Community School District Annual Financial Report



Muscatine 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: school nutrition and internal service fund	Instances in which the District administers resources on behalf of someone else, such as scholarship programs, reunion moneys and funds for District employee purchases of pop, etc.
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/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of 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

Muscatine 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 financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, 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 – the difference between the District's assets and deferred outflows and liabilities and deferred inflows – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating, respectively. To assess the District's overall health, additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities need to be considered.

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

Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.

Business-type activities: The District charges fees to help it cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

1. **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information in the reconciliations explains the relationship (or differences) between the two statements.

Muscatine Community School District

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

The District's major governmental funds for 2021-22 were the General Fund and the Capital Projects Fund. The nonmajor governmental funds include two special revenue funds (the Management Fund and Student Activities Fund) and the Debt Service Fund. The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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

Internal Service funds are used to report the same functions presented as governmental activities in the government-wide financial statements. The District maintains one internal service fund to account for the premium and claim payments for the self-insured health insurance plan for District employees beginning July 1, 2021. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. Because the service provided by the District predominately benefits governmental, rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

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

3. **Fiduciary funds:** The District is the trustee, or fiduciary, for assets that belong to others. This fund type includes custodial funds.

Custodial funds: These are funds for which the District accounts for certain revenue collected for District employee purchases and as a fiscal agent for other entities.

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

The required financial statements for fiduciary funds of the District include a statement of fiduciary net position, a statement of changes in fiduciary net position.

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

Muscatine Community School District

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

Government-Wide Financial Analysis

Figure A-3 below provides a summary of the District's net position as of June 30, 2022 compared to June 30, 2021.

Figure A-3 Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District	
	Restated				Restated	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Current and other assets	\$ 53,946,219	\$ 48,915,912	\$ 1,941,347	\$ 1,053,437	\$ 55,887,566	\$ 49,969,349
Capital assets	54,833,212	55,021,791	343,995	396,906	55,177,207	55,418,697
Total assets	108,779,431	103,937,703	2,285,342	1,450,343	111,064,773	105,388,046
Deferred outflows of resources	4,820,819	7,444,734	153,558	237,477	4,974,377	7,682,211
Long-term liabilities	13,084,772	46,697,896	677,904	1,651,850	13,762,676	48,349,746
Other liabilities	8,151,453	6,657,795	106,305	69,920	8,257,758	6,727,715
Total liabilities	21,236,225	53,355,691	784,209	1,721,770	22,020,434	55,077,461
Deferred inflows of resources	45,570,692	21,546,593	812,095	73,465	46,382,787	21,620,058
Net position:						
Net investment in capital assets	54,622,845	55,021,791	343,995	396,906	54,966,840	55,418,697
Restricted	15,606,772	11,260,430	-	-	15,606,772	11,260,430
Unrestricted	(23,436,284)	(29,802,068)	498,601	(504,321)	(22,937,683)	(30,306,389)
Total net position	\$ 46,793,333	\$ 36,480,153	\$ 842,596	\$ (107,415)	\$ 47,635,929	\$ 36,372,738

The District's combined net position as of June 30, 2022 increased by \$11,263,191 (31.0%) over the June 30, 2021 combined net position. Net position in the governmental activities increased by \$10,313,180 (28.3%) The net position of the District's business-type activities increased by \$950,011 (884.4%).

Net position increased primarily due to:

- The District's net pension liability and related deferred inflows and outflows experienced improved investment earning on an actuarial basis and reducing the District's net pension liability and related deferrals by approximately \$5.8 million.
- The District reduced operating expenditures by offering early retirement in prior years resulting in less positions as District enrollment decreases.
- The District's only long-term debt obligations are equipment leases totaling \$210,367.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased by \$4,346,342 (38.6%) due to building the SAVE account of the Capital Projects Fund back up from sales tax revenues exceeding expenditures for future capital projects.

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 by \$7,368,706 (24.3%).

Muscatine 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 the year ended June 30, 2021.

Figure A-4 Changes in Net Position

	Governmental Activities		Business-Type Activities		Total School District	
	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	\$ 1,326,420	\$ 1,035,923	\$ 132,787	\$ 96,197	\$ 1,459,207	\$ 1,132,120
Operating grants and contributions	14,299,397	12,701,568	3,927,797	3,344,758	18,227,194	16,046,326
Capital grants and contributions	516,614	1,000,000	-	-	516,614	1,000,000
General revenues:						
Property taxes	19,231,425	18,663,090	-	-	19,231,425	18,663,090
Income surtax	290,413	308,888	-	-	290,413	308,888
State foundation aid	27,008,170	27,480,212	-	-	27,008,170	27,480,212
Statewide sales and services tax	5,762,198	5,238,521	-	-	5,762,198	5,238,521
Revenue in lieu of tax	608,190	632,233	-	-	608,190	632,233
Other	34,186	52,320	1,416	523	35,602	52,843
Total revenues	69,077,013	67,112,755	4,062,000	3,441,478	73,139,013	70,554,233
Expenses:						
Instruction	36,699,594	41,812,013	-	-	36,699,594	41,812,013
Support services	19,748,273	21,024,841	-	-	19,748,273	21,024,841
Noninstructional	39,581	63,626	3,133,822	3,043,110	3,173,403	3,106,736
Other	2,254,552	2,259,498	-	-	2,254,552	2,259,498
Total expenses	58,742,000	65,159,978	3,133,822	3,043,110	61,875,822	68,203,088
Excess (deficiency) of revenues over expenses before transfers	10,335,013	1,952,777	928,178	398,368	11,263,191	2,351,145
Transfers	(21,833)	(3,743)	21,833	3,743	-	-
Increase (decrease) in net position	10,313,180	1,949,034	950,011	402,111	11,263,191	2,351,145
Net position, beginning, as restated	36,480,153	34,520,544	(107,415)	(509,526)	36,372,738	34,011,018
Net position, ending	\$ 46,793,333	\$ 36,469,578	\$ 842,596	\$ (107,415)	\$ 47,635,929	\$ 36,362,163

In 2021-22, property taxes, income surtax, state foundation aid, statewide sales and services tax, and revenue in lieu of tax accounted for 76.6% of the revenue from governmental activities while charges for services and grants and contributions accounted for 99.9% of the revenue from business-type activities.

The District's expenses primarily relate to instructional and support services which account for 91.2% of the total expenses.

Total revenue for the District increased by \$2,584,780 (3.7%) in the fiscal year ended June 30, 2022. The most significant revenue category change was due to an increase in federal funding due to COVID relief funds. Total District expenses decreased by \$6,327,266 (9.3%), which is primarily due to reduced personnel costs as a result of reducing positions and the reduction of the net pension liability.

Muscatine Community School District

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

Governmental Activities

Revenue for the District's governmental activities in 2021-22 increased by \$1,964,258 (2.9%) from the previous year, while total expenses decreased by \$6,417,978 (9.8%). Governmental activities net position as of June 30, 2022 increased by \$10,313,180 (28.3%) over the June 30, 2021 balance.

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

	Total Cost of Services		Net Cost of Services	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Instruction	\$ 36,699,594	\$ 41,812,013	\$ 23,579,816	\$ 30,596,284
Support services	19,748,273	21,024,841	18,972,649	19,748,345
Noninstructional	39,581	63,626	39,581	63,626
Other	2,254,552	2,259,498	7,523	14,232
Total	\$ 58,742,000	\$ 65,159,978	\$ 42,599,569	\$ 50,422,487

For the year ended June 30, 2022:

- The cost financed by the users of the District's programs was \$1,326,420.
- Federal and state governments and some local sources subsidized certain programs with grants and contributions totaling \$14,816,011.
- The net cost of governmental activities was financed with \$19,231,425 in property taxes, \$290,413 in income surtax, \$27,008,170 of unrestricted state grants, \$5,762,198 in statewide sales and services tax revenue, \$608,190 in revenue in lieu of tax and \$34,186 in other revenues.

For the year ended June 30, 2021:

- The cost financed by the users of the District's programs was \$1,035,923.
- Federal and state governments and some local sources subsidized certain programs with grants and contributions totaling \$13,701,568.
- The net cost of governmental activities was financed with \$18,663,090 in property taxes, \$308,888 in income surtax, \$27,480,212 of unrestricted state grants, \$5,238,521 in statewide sales and services tax revenue, \$632,233 in revenue in lieu of tax and \$52,320 in other revenues.

Business-Type Activities

The District's business-type activities include the School Nutrition Fund. Revenues of the District's business-type activities in 2021-22 were \$4,062,000, an increase of \$620,522 (18.0%) from 2020-21 due to the COVID-19 pandemic federal funding. Expenses were \$3,133,822; an increase of \$90,712 (3.0%) from 2020-21 primarily due to increases in supplies and food costs.

Muscatine Community School District

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

Individual Fund Analysis

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$25,735,412, which reflects an increase from last year's ending fund balances of \$21,635,820. The primary reason for the increase in the combined fund balances at the end of the 2021-22 fiscal year is due to an increase in the Capital Project Fund fund balance of \$3,359,035 due to statewide sales services and use tax revenue and local tax from the physical plant and equipment levy exceeding current year spending on capital projects of \$3,903,891 in the current year.

Governmental Fund Highlights

- The fund balance in the District's General Fund increased by \$1,046,655 from \$10,892,432 as of June 30, 2021 to \$11,939,087 as of June 30, 2022. The increase is primarily due to an increase of \$2,038,865 in federal funding revenue from the prior year from COVID-19 pandemic awards.
- The fund balance in the Capital Projects Fund increased by \$3,359,035. The statewide sales, service and use tax generated \$753,638 more in revenue in 2021-22 than in the previous fiscal year. Local tax generated from the physical plant and equipment levy was \$2,469,024 compared to the prior year of \$2,400,787 which represents a \$68,237 increase from 2020-21. Total capital projects expenditures were \$3,903,891 in 2021-22 compared to \$2,046,244 in 2020-21. In the current year and prior year, major expenditures included the stadium project and the fine arts renovation.

Proprietary Fund Highlights

The net position of the Nutrition Fund increased by \$950,011 during 2021-22 primarily due to federal funding received due to COVID-19. The federal nutrition program revenues increased \$589,387 from the prior year from the COVID-19 programs.

Budgetary Highlights

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.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except private-purpose trust funds, internal service funds, and custodial funds. This is referred to as the certified budget. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures. The District uses the GAAP (Generally Accepted Accounting Principles) method of accounting for budgeting purposes. The District amended the budget during the fiscal year to increase budgeted expenditures \$5,000,000.

Iowa law requires that actual spending in each functional area of the budget does not exceed the amount budgeted to be spent in that functional area at any time during the fiscal year. It should also be noted that school districts have two levels of budgetary control. One form of budgetary control exists through the certified budget, which includes all funds of the District as noted above. This budget is certified with the County Auditor and the Department of Management each year. Iowa school districts may not certify a general fund budget in excess of its spending authority. The other level of budgetary control is the unspent (maximum) authorized budget and pertains only to the General Fund of the District. The maximum authorized budget is the total spending authority in the General Fund of the District. The unspent balance is a budgetary concept and does not mean the actual General Fund cash. It is imperative for users of District financial information to make this important distinction.

Muscatine Community School District

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

The unspent balance is the amount of spending authority that is carried over into the next fiscal year. The unspent balance is a budgetary carryover and does not represent actual dollars (General Fund cash) or actual financial position (unreserved, undesignated General Fund balance) of the District. Total revenues were \$5,026,826 more than budgeted, a variance of 7.4%. Total expenditures were \$5,645,459 less than budgeted, a variance of 7.7%.

Capital Asset and Debt Administration

Capital Assets

By the end of the 2021-22 fiscal year, the District had invested \$55,177,207 (net of accumulated depreciation of \$55,844,871) in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment and administrative offices. This amount represents a net decrease of \$168,441 or 0.3% from last year. (More detailed information about capital assets can be found in Note 4 to the financial statements). Total depreciation expense for the year was \$4,526,864.

	Governmental Activities		Business-Type Activities		Total School District	
	Restated				Restated	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Land	\$ 1,454,234	\$ 1,454,234	\$ -	\$ -	\$ 1,454,234	\$ 1,454,234
Construction in progress	1,189,238	998,293	-	-	1,189,238	998,293
Buildings	44,516,763	47,289,735	-	-	44,516,763	47,289,735
Improvements other than buildings	4,481,252	2,122,491	-	-	4,481,252	2,122,491
Furniture and equipment	2,980,395	2,779,747	343,995	396,906	3,324,390	3,176,653
Right to use leased equipment	211,330	304,242	-	-	211,330	304,242
Total	\$ 54,833,212	\$ 54,948,742	\$ 343,995	\$ 396,906	\$ 55,177,207	\$ 55,345,648

Long-Term Liabilities

As of June 30, 2022, the District had the following long-term liabilities:

	Governmental Activities		Business-Type Activities		Total School District	
	Restated				Restated	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Purchase agreement	\$ -	\$ 458,952	\$ -	\$ -	\$ -	\$ 458,952
Lease obligations	210,367	293,667	-	-	210,367	293,667
Compensated absences	101,489	176,485	-	-	101,489	176,485
Early retirement	1,299,365	1,864,530	-	-	1,299,365	1,864,530
Net OPEB liability	11,600,302	13,638,565	603,658	666,697	12,203,960	14,305,262
Net pension liability	536,222	30,192,648	74,246	985,153	610,468	31,177,801
Total	\$ 13,747,745	\$ 46,624,847	\$ 677,904	\$ 1,651,850	\$ 14,425,649	\$ 48,276,697

More information regarding the District's long-term liabilities is provided in Notes 5, 6, and 7 to the financial statements.

Muscatine Community School District

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

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The Iowa school funding formula is a complex formula that is pupil driven and increasing total spending authority is driven by increasing the number of pupils or increasing the cost per pupil. The legislature established an increase of "supplemental state aid" or SSA of 2.5% (\$181 per pupil) for the 2022/2023 school year. Funding at the state level continues to be a focal point for education. Low state supplemental aid increases are not satisfying cost of living increases as well as increased costs for operations.
- The October 1, 2022 certified student enrollment count, which is used to determine state foundation aid for the District for the 2023-24 school year, decreased by 29.68 to 4,574.77 from the October 1, 2021 count of 4,604.45. The number of open enrollment students from neighboring district's attending Muscatine Community School District increased from 75.8 to 82.10. The number of open enrollment students attending neighboring school districts increased from 221.4 to 253.1. The 171 open enrollment student net loss costs approximately \$1.2 million in expense for the District's general operating fund.
- The District's 4-year-old preschool program enrollment decreased by 10 students to a total enrollment of 237. The State of Iowa provides funding for four-year-old students enrolled in the program at 50% of regular program cost per student or \$3,706.50 per student for the 2022-23 school year. The District serves 154 preschool students, up 1 from the year before, and three community partner's serve the other 83, down 11 from the year before.
- The district completed a 2.5M high school stadium renovation in August, 2021 that included new stadium bleachers and press box, new track, turf field, and score board. Renovations to the old science wing at the high school for a Student Center, HVAC projects throughout the district, and a new Centralized Kitchen are additional construction projects in progress.
- Staff recruiting and retention concerns at the local and state levels may negatively impact the educational services that the District is able to provide. In addition, it may become necessary for the District to substantially increase wages to recruit and/or retain staff. Based upon the level of increased wages, they could impact the District's budget negatively in the future.
- The increasing rate of inflation potentially surpassing the rate of increase in supplemental state aid may reduce the District's buying power.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and 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 Tom Anderson, Director of Finance and Budget, Muscatine Community School District, 2900 Mulberry Avenue, Muscatine, Iowa 52761.

Muscatine Community School District

Statement of Net Position

June 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 30,943,941	\$ 1,559,517	\$ 32,503,458
Receivables:			
Property tax:			
Current year	144,830	-	144,830
Succeeding year	19,017,615	-	19,017,615
Accounts	61,065	20,025	81,090
Income surtax	297,121	-	297,121
Due from other governments	3,481,647	196,672	3,678,319
Inventories	-	165,133	165,133
Total current assets	53,946,219	1,941,347	55,887,566
Noncurrent assets:			
Capital assets:			
Nondepreciable	2,643,472	-	2,643,472
Depreciable, net	52,189,740	343,995	52,533,735
Total noncurrent assets	54,833,212	343,995	55,177,207
Total assets	108,779,431	2,285,342	111,064,773
Deferred Outflows of Resources,			
OPEB related deferred outflows	804,673	30,307	834,980
Pension related deferred outflows	4,016,146	123,251	4,139,397
Total deferred outflows of resources	4,820,819	153,558	4,974,377

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Liabilities			
Current liabilities:			
Accounts payable	1,626,936	18,321	1,645,257
Salaries and benefits payable	5,204,544	41,949	5,246,493
Unearned revenue	-	46,035	46,035
Claims payable	657,000	-	657,000
Leased obligations	111,910	-	111,910
Compensated absences	101,489	-	101,489
Early retirement	449,574	-	449,574
Total current liabilities	8,151,453	106,305	8,257,758
Noncurrent liabilities:			
Lease obligations	98,457	-	98,457
Early retirement	849,791	-	849,791
Net OPEB liability	11,600,302	603,658	12,203,960
Net pension liability	536,222	74,246	610,468
Total noncurrent liabilities	13,084,772	677,904	13,762,676
Total liabilities	21,236,225	784,209	22,020,434
Deferred Inflows of Resources			
Succeeding year property tax	19,017,615	-	19,017,615
OPEB related deferred inflows	3,231,263	102,482	3,333,745
Pension related deferred inflows	23,321,814	709,613	24,031,427
Total deferred inflows of resources	45,570,692	812,095	46,382,787
Net Position			
Net investment in capital assets	54,622,845	343,995	54,966,840
Restricted for:			
Categorical funding	1,022,096	-	1,022,096
Management levy	1,932,710	-	1,932,710
Physical plant and equipment levy	1,286,287	-	1,286,287
Student activities	326,158	-	326,158
School infrastructure	11,039,521	-	11,039,521
Unrestricted	(23,436,284)	498,601	(22,937,683)
Total net position	\$ 46,793,333	\$ 842,596	\$ 47,635,929

See Notes to Basic Financial Statements.

Muscatine Community School District

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

Functions/Programs	Expenses	Charges for Services
Governmental activities:		
Instruction	\$ 36,699,594	\$ 1,298,332
Support services:		
Student services	2,811,996	-
Instructional staff services	2,322,656	-
Administration services	5,606,906	-
Operation and maintenance of plant services	6,370,244	-
Transportation services	2,636,471	28,088
	<u>19,748,273</u>	<u>28,088</u>
Noninstructional programs	39,581	-
Other expenditures:		
Interest expense	7,523	-
AEA flowthrough	2,247,029	-
	<u>2,254,552</u>	<u>-</u>
Total governmental activities	<u>58,742,000</u>	<u>1,326,420</u>
Business-type activities:		
Food service operations	3,133,822	132,787
Total business-type activities	<u>3,133,822</u>	<u>132,787</u>
Total primary government	<u>\$ 61,875,822</u>	<u>\$ 1,459,207</u>
General revenues and transfers:		
General revenues:		
Property tax levied for:		
General purposes		
Capital outlay		
Other specific purposes		
Income surtax		
Statewide sales and services tax		
Revenue in lieu of tax		
Unrestricted state grants		
Unrestricted investment earnings		
Transfers		
Total general revenues and transfers		
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		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 11,821,446	\$ -	\$ (23,579,816)	\$ -	\$ (23,579,816)
219,638	-	(2,592,358)	-	(2,592,358)
-	-	(2,322,656)	-	(2,322,656)
-	-	(5,606,906)	-	(5,606,906)
-	516,614	(5,853,630)	-	(5,853,630)
11,284	-	(2,597,099)	-	(2,597,099)
230,922	516,614	(18,972,649)	-	(18,972,649)
-	-	(39,581)	-	(39,581)
-	-	(7,523)	-	(7,523)
2,247,029	-	-	-	-
2,247,029	-	(7,523)	-	(7,523)
14,299,397	516,614	(42,599,569)	-	(42,599,569)
3,927,797	-	-	926,762	926,762
3,927,797	-	-	926,762	926,762
\$ 18,227,194	\$ 516,614	(42,599,569)	926,762	(41,672,807)

15,756,998	-	15,756,998
2,469,024	-	2,469,024
1,005,403	-	1,005,403
290,413	-	290,413
5,762,198	-	5,762,198
608,190	-	608,190
27,008,170	-	27,008,170
34,186	1,416	35,602
(21,833)	21,833	-
52,912,749	23,249	52,935,998
10,313,180	950,011	11,263,191
36,480,153	(107,415)	36,372,738
\$ 46,793,333	\$ 842,596	\$ 47,635,929

Muscatine Community School District

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

	General	Capital Projects	Nonmajor	Total
Assets				
Cash and pooled investments	\$ 15,602,366	\$ 11,850,257	\$ 2,248,071	\$ 29,700,694
Receivables:				
Property tax:				
Current year	119,044	18,161	7,625	144,830
Succeeding year	15,557,586	2,460,035	999,994	19,017,615
Accounts	10,932	-	17,140	28,072
Income surtax	297,121	-	-	297,121
Due from other governments	2,296,529	1,185,034	84	3,481,647
Total assets	\$ 33,883,578	\$ 15,513,487	\$ 3,272,914	\$ 52,669,979
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 885,240	\$ 727,644	\$ 14,052	\$ 1,626,936
Salaries and benefits payable	5,204,544	-	-	5,204,544
Total liabilities	6,089,784	727,644	14,052	6,831,480
Deferred Inflows of Resources:				
Unavailable revenue:				
Succeeding year property tax	15,557,586	2,460,035	999,994	19,017,615
Income surtax	297,121	-	-	297,121
Statewide sales and services tax	-	788,351	-	788,351
Total deferred inflows of resources	15,854,707	3,248,386	999,994	20,103,087
Fund balances:				
Restricted for:				
Categorical funding	1,022,096	-	-	1,022,096
Management levy	-	-	1,932,710	1,932,710
Physical plant and equipment levy	-	1,286,287	-	1,286,287
School infrastructure	-	10,251,170	-	10,251,170
Student activity purposes	-	-	326,158	326,158
Assigned	143,324	-	-	143,324
Unassigned	10,773,667	-	-	10,773,667
Total fund balances	11,939,087	11,537,457	2,258,868	25,735,412
Total liabilities, deferred inflows of resources and fund balances	\$ 33,883,578	\$ 15,513,487	\$ 3,272,914	\$ 52,669,979

See Notes to Basic Financial Statements.

Muscatine Community School District

**Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Position
June 30, 2022**

Total fund balances of governmental funds	\$ 25,735,412
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.	54,833,212
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	1,085,472
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	619,240
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	804,673
OPEB related deferred inflows of resources	(3,231,263)
Pension related deferred outflows of resources	4,016,146
Pension related deferred inflows of resources	(23,321,814)
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.	
Compensated absences	(101,489)
Equipment lease obligations	(210,367)
Early retirement	(1,299,365)
Net OPEB liability	(11,600,302)
Net pension liability	(536,222)
Net position of governmental activities	<u><u>\$ 46,793,333</u></u>

See Notes to Basic Financial Statements.

Muscatine Community School District

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

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 16,073,322	\$ 2,469,024	\$ 1,005,403	\$ 19,547,749
Tuition	640,251	-	-	640,251
Private donations	267,032	92,699	-	359,731
Interest	22,637	9,123	1,237	32,997
Other	215,613	-	470,556	686,169
State sources	36,623,595	5,741,018	32,329	42,396,942
Federal sources	5,340,726	-	-	5,340,726
Total revenues	59,183,176	8,311,864	1,509,525	69,004,565
Expenditures:				
Current:				
Instruction	37,021,526	-	897,823	37,919,349
Support services:				
Student services	3,029,221	-	4,713	3,033,934
Instructional staff services	2,489,577	15,070	5,236	2,509,883
Administration services	5,906,749	289,572	131,140	6,327,461
Operation and maintenance of plant services	5,326,099	141,806	632,058	6,099,963
Transportation services	1,692,585	469,287	105,072	2,266,944
	18,444,231	915,735	878,219	20,238,185
Noninstructional programs	-	-	39,581	39,581
Other expenditures:				
Facilities acquisition	-	3,903,891	-	3,903,891
Debt service:				
Principal	-	-	566,475	566,475
Interest	-	-	19,591	19,591
AEA flowthrough	2,247,029	-	-	2,247,029
	2,247,029	3,903,891	586,066	6,736,986
Total expenditures	57,712,786	4,819,626	2,401,689	64,934,101
Excess (deficiency) of revenues over (under) expenditures	1,470,390	3,492,238	(892,164)	4,070,464
Other financing sources (uses):				
Proceeds from sale of capital assets	22,013	4,725	-	26,738
Issuance of capital lease	-	24,223	-	24,223
Transfer in	30,000	423,915	586,066	1,039,981
Transfer (out)	(475,748)	(586,066)	-	(1,061,814)
Total other financing sources (uses)	(423,735)	(133,203)	586,066	29,128
Net change in fund balance	1,046,655	3,359,035	(306,098)	4,099,592
Fund balances, beginning of year	10,892,432	8,178,422	2,564,966	21,635,820
Fund balances, end of year	\$ 11,939,087	\$ 11,537,457	\$ 2,258,868	\$ 25,735,412

See Notes to Basic Financial Statements.

Muscatine 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 \$ 4,099,592

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of 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:

Expenditures for capital assets	4,397,378	
Depreciation expense	(4,473,953)	
Proceeds from sale of capital assets	(26,738)	
Loss on sale of capital assets	(12,217)	
		(115,530)

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	(25,911)	
Statewide sales and services tax	97,170	
		71,259

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service fund is reported with governmental activities. 128,406

The issuance of long-term debt provides current financial resources to governmental funds, while the repayments of the principal of long-term debt consumes the current financial resources of governmental funds. The issuance of 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 related items:

Issuance of lease	(24,223)	
Repayment of lease	107,523	
Repayment of long-term debt	458,952	
		542,252

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

Compensated absences	74,996	
Change in accrued interest payable	12,068	
Early retirement	565,165	
Net pension expense	5,784,123	
Net OPEB liability	(849,151)	
		5,587,201

Change in net position of governmental activities \$ 10,313,180

See Notes to Basic Financial Statements.

Muscatine Community School District

Statement of Net Position

Proprietary Funds

June 30, 2022

	Enterprise Fund	Governmental Activities
	School Nutrition	Internal Service Fund
Assets		
Current:		
Cash and cash equivalents	\$ 1,559,517	\$ 1,243,247
Accounts receivable	20,025	32,993
Intergovernmental receivable	196,672	-
Inventories	165,133	-
Total current assets	1,941,347	1,276,240
Noncurrent:		
Capital assets, net of accumulated depreciation	343,995	-
Total assets	2,285,342	1,276,240
Deferred Outflows of Resources:		
OPEB related deferred outflows	30,307	-
Pension related deferred outflows	123,251	-
Total deferred outflows of resources	153,558	-
Liabilities		
Current:		
Accounts payable	18,321	-
Salaries and benefits payable	41,949	-
Unearned revenue	46,035	-
Claims payable	-	657,000
Total current liabilities	106,305	657,000
Noncurrent:		
Net OPEB liability	603,658	-
Net pension liability	74,246	-
Total noncurrent liabilities	677,904	-
Total liabilities	784,209	657,000
Deferred Inflows of Resources:		
OPEB related deferred inflows	102,482	-
Pension related deferred inflows	709,613	-
Total deferred inflows of resources	812,095	-
Net Position		
Net investment in capital assets	343,995	-
Unrestricted	498,601	619,240
Total net position	\$ 842,596	\$ 619,240

See Notes to Basic Financial Statements.

Muscatine Community School District

Statement of Revenues, Expenses and Changes in Net Position (Deficit)

Proprietary Funds

Year Ended June 30, 2022

	Enterprise Fund	Governmental Activities
	School Nutrition	Internal Service Fund
Operating revenues:		
Local sources, charges for services	\$ 132,787	\$ 5,778,793
Operating expenses:		
Noninstructional programs:		
Salaries	1,263,381	-
Benefits	359,567	-
Purchased services	10,347	5,651,576
Supplies	1,442,856	-
Depreciation	52,911	-
Other	4,760	-
Total noninstructional programs	<u>3,133,822</u>	<u>5,651,576</u>
Total operating expenses	<u>3,133,822</u>	<u>5,651,576</u>
Operating income (loss)	<u>(3,001,035)</u>	<u>127,217</u>
Nonoperating revenues:		
Interest on investments	1,416	1,189
State sources	20,511	-
Federal sources	3,907,286	-
Total nonoperating revenues	<u>3,929,213</u>	<u>1,189</u>
Income before transfers	928,178	128,406
Transfer in	51,833	-
Transfers (out)	<u>(30,000)</u>	<u>-</u>
Change in net position	950,011	128,406
Net position (deficit), beginning of year	(107,415)	490,834
Net position, end of year	<u>\$ 842,596</u>	<u>\$ 619,240</u>

See Notes to Basic Financial Statements.

Muscatine Community School District

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

	Enterprise Fund	Governmental Activities
	School Nutrition	Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 136,469	\$ -
Cash received from miscellaneous operating activities	-	6,402,800
Cash payments to employees for services	(1,749,619)	(5,651,576)
Cash payments to suppliers for goods or services	(1,293,912)	-
Net cash provided by (used in) operating activities	(2,907,062)	751,224
Cash flows from noncapital financing activities:		
State grants received	20,511	-
Federal grants received	3,578,573	-
Transfers in	51,833	-
Transfers (out)	(30,000)	-
Net cash provided by noncapital financing activities	3,620,917	-
Cash flows (used in) capital related financing activities, Acquisition of capital assets	-	-
Cash flows from investing activities, interest on investments	1,416	1,189
Net increase in cash and cash equivalents	715,271	752,413
Cash and cash equivalents, beginning of year	844,246	490,834
Cash and cash equivalents, end of year	\$ 1,559,517	\$ 1,243,247
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (3,001,035)	\$ 127,217
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	52,911	-
Commodities used	264,226	-
(Increase) in accounts receivable	(15,931)	(32,993)
(Increase) in inventories	(92,221)	-
Increase (decrease) in accounts payable	(7,954)	657,000
Increase in salaries and benefits payable	24,726	-
Increase in net OPEB liability and related deferred outflows of resources and deferred inflows of resources	26,262	-
(Decrease) in net pension liability and related deferred outflows of resources and deferred inflows of resources	(177,659)	-
Increase in unearned revenue	19,613	-
Net cash provided by (used in) operating activities	\$ (2,907,062)	\$ 751,224
Schedule of noncash items:		
Noncapital financing activities, federal commodities	\$ 264,226	\$ -

See Notes to Basic Financial Statements.

Muscatine Community School District

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2022

	<u>Custodial</u>
Assets	
Cash and investments	\$ 92,390
Total assets	<u>92,390</u>
Liabilities	
Accounts payable	<u>47,159</u>
Total liabilities	<u>47,159</u>
Net position, restricted	<u>\$ 45,231</u>

See Notes to Basic Financial Statements.

Muscatine Community School District

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2021**

	<u>Custodial</u>
Additions:	
Net investment income	<u>\$ 429,142</u>
Deductions:	
Instruction:	
Administrative expenses	<u>\$ 499,088</u>
Total deductions	<u>499,088</u>
Change in net position	(69,946)
Net position, beginning of year	115,177
Net position, end of year	<u><u>\$ 45,231</u></u>

See Notes to Basic Financial Statements.

Muscatine Community School District

Notes to Basic Financial Statements Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

Muscatine Community School District (the District) is a political subdivision of the state of Iowa and operates public schools for children in grades preschool through twelve and special education pre-kindergarten. The geographic area served includes the City of Muscatine, Iowa and the predominately agricultural territory of Muscatine County. The District is governed by a Board of Education whose members are elected on a nonpartisan 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.

Reporting entity:

For financial reporting purposes, Muscatine 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 (GASB) 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; and (3) fiscal dependency. The District has no component units which meet the GASB criteria.

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

Basis of presentation:

Government-wide financial statements: The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service. Interfund services provided and used are not eliminated in the process of consolidation for the statements.

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, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvements of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

Muscatine Community School District

Notes to Basic Financial Statements Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund financial statements: Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

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

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

The other governmental funds of the District are considered nonmajor and are as follows:

The Debt Service Fund accounts for the payment of general long-term debt principal, interest and related costs.

Special Revenue Funds: Are used to account for the revenue sources that are legally restricted to expenditures for specific purposes:

The Management Fund accounts for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

The Student Activity Fund accounts for money held by the District on behalf of the students who have raised these funds and are responsible for their disposition for co-curricular to extracurricular activities of the District.

Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those found in the private sector. The measurement focus is upon income determination, financial position, and cash flows. The District has two proprietary funds, an enterprise fund and an internal service fund.

Enterprise funds are used to account for those operations that are financed and operating in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District's major enterprise fund is the School Nutrition Fund which accounts for the food service operations of the District.

Muscatine Community School District

Notes to Basic Financial Statements Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

The Internal Service Fund is used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The District's Internal Service Fund is used to account for the premium and claim payments for the self-insured health insurance plans for District employees.

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

The Custodial funds are used to account for assets held by the District as an agent for individuals, private organizations and other governments. These are funds for which the District accounts for revenue collected for faculty accounts and related expenditures, and for funds collected for other various special group accounts.

Measurement focus and basis of accounting:

The government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

Under 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.

Muscatine Community School District

Notes to Basic Financial Statements Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguished operating revenues and expenses from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as 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 nonnegotiable certificates of deposit, which are stated at cost.

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

Property tax receivable: Property tax in governmental funds is accounted for using the modified accrual basis of accounting. Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. 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 a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with 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.

Due from other governments: Due from other governments represents amounts due from the state of Iowa, various shared revenues, grants and reimbursements from other governments.

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

Prepaid Items: The District accounts for prepaid items by using the purchases method.

Muscatine Community School District

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

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets: Capital assets are tangible and intangible assets, which include property, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Position. Capital assets are recorded at historical cost, except for intangible right-to-use lease assets, the measurement of which is discussed in the ensuing lease policy. Donated capital assets are recorded at 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 the donation. Intangible assets include those purchased or internally generated as well as right-to-use leased intangible assets. 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.

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 life of the lease.

Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years:

Asset Class	Amount
Land	\$ 1
Buildings	25,000
Improvements other than buildings	25,000
Intangibles:	
Purchased or internally generated	50,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

Land and construction in progress are not depreciated. Capital assets are depreciated / amortized using the straight-line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	15 years
Intangibles:	
Purchased or internally generated	2 - 20 years
Furniture and equipment	5 - 15 years

Salaries and benefits payable: Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Muscatine Community School District

Notes to Basic Financial Statements Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Compensated absences: District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2022.

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. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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.

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.

Muscatine Community School District

Notes to Basic Financial Statements Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

Total OPEB Liability: For purposes of measuring total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the Muscatine Community School 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 and the Enterprise, School Nutrition Fund.

Interfund activity: Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

Nonspendable: Balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain 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 determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned: Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The authority to assign fund balances has been delegated to the Director of Finance. The District has assigned \$143,324 primarily for instructional programs. Unlike commitments, assignments only exist temporarily. An additional action does not normally have to be taken for removal of an assignment.

Unassigned: All amounts not included in other spendable classifications as well as any deficit fund balance of any other governmental fund is reported as unassigned.

When an expenditure is incurred for purposes for which amounts in the committed, assigned, or unassigned fund balance classifications could be used, the District's policy is generally to first apply the expenditure to restricted fund balance and then to less restrictive classifications – committed, 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 of 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's deferred outflows of resources consist of unrecognized items not yet charged to pension expense and other postemployment benefit expense, and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Muscatine Community School District

Notes to Basic Financial Statements Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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 of 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's deferred inflows of resources in the government-wide statements consist of succeeding year property tax revenue, and unrecognized items not yet charged to pension expense and other postemployment benefit expense.

The District reports unavailable revenue in the governmental funds balance sheet from the statewide sales and services tax, income surtax, and property tax. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Net position: In proprietary funds, fiduciary funds, and government-wide financial statements, 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 balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net position restricted by enabling legislation as of June 30, 2022 consists of \$1,022,096 for categorical funding, \$1,932,710 for management levy purposes, \$1,286,287 for physical plant and equipment levy, \$326,158 for student activities, and \$11,039,521 for school infrastructure.

Net position flow assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) 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.

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.

Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgets and budgetary control:

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 from all funds. 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.

Muscatine Community School District

Notes to Basic Financial Statements Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

The Code of Iowa also provides the District disbursements in the General Fund may not exceed the amount authorized by the school finance formula. The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022, expenditures did not exceed the amounts budgeted.

Note 2. Cash and Pooled Investments

Authorized 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 or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District's cash and pooled investments consisted of depository accounts at financial institutions including short-term nonnegotiable certificates of deposit.

Interest rate risk: The District's investment policy limits the investment of operating funds 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. The District did not have investments subject to interest rate risk as of June 30, 2022.

Credit risk: The District did not have investments subject to credit risk as of June 30, 2022. The District does not have a separate credit risk policy from state statutes.

Custodial credit risk: The District's cash and pooled investments consisted of depository accounts at financial institutions including certificate of deposits. The District's deposits in banks as of June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds. 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 its investments of collateral securities that are in the possession of another party. As of June 30, 2022, the District's cash and pooled investments are not exposed to custodial credit risk. The District does not have a separate custodial credit risk policy from state statutes.

Note 3. Interfund Transfers

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

	Transfers In	Transfers Out
Major funds:		
General	\$ 30,000	\$ 475,748
Capital Projects Fund	423,915	586,066
Other nonmajor governmental funds	586,066	-
Major fund, enterprise fund, school nutrition	51,833	30,000
	<u>\$ 1,091,814</u>	<u>\$ 1,091,814</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. Transfers from the Capital Projects Fund to the nonmajor Debt Service Fund are to make principal and interest payments on the District's long-term debt.

Muscatine Community School District

Notes to Basic Financial Statements
Year Ended June 30, 2022

Note 4. Capital Assets

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

	Restated Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,454,234	\$ -	\$ -	\$ 1,454,234
Construction in progress	998,293	3,261,594	3,070,649	1,189,238
Total capital assets not being depreciated	2,452,527	3,261,594	3,070,649	2,643,472
Capital assets being depreciated:				
Buildings	89,770,137	602,743	-	90,372,880
Improvements other than buildings	5,718,631	2,682,680	1,139,332	7,261,979
Furniture and equipment	9,196,918	896,787	815,662	9,278,043
Right to use leased equipment	377,291	24,223	-	401,514
Total capital assets being depreciated	105,062,977	4,206,433	1,954,994	107,314,416
Less accumulated depreciation and amortization for:				
Buildings	42,480,402	3,375,715	-	45,856,117
Improvements other than buildings	3,596,140	284,964	1,100,377	2,780,727
Furniture and equipment	6,417,171	696,139	815,662	6,297,648
Right to use leased equipment	73,049	117,135	-	190,184
Total accumulated depreciation and amortization	52,566,762	4,473,953	1,916,039	55,124,676
Total capital assets being depreciated, net	52,496,215	(267,520)	38,955	52,189,740
Governmental activities capital assets, net	\$ 54,948,742	\$ 2,994,074	\$ 3,109,604	\$ 54,833,212
Business-type activities:				
Furniture and equipment	\$ 1,064,190	\$ -	\$ -	\$ 1,064,190
Less accumulated depreciation	667,284	52,911	-	720,195
Business-type activities capital assets, net	\$ 396,906	\$ (52,911)	\$ -	\$ 343,995

Muscatine Community School District

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

Note 4. Capital Assets (Continued)

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction	\$ 2,828,132
Support services:	
Instructional staff services	46,761
Administration services	7,932
Operation and maintenance of plant services	1,087,852
Transportation services	503,276
Total governmental activities depreciation and amortization expense	\$ 4,473,953
Business-type activities, food service operations	<u><u>\$ 52,911</u></u>

Note 5. Long-Term Liabilities

As summary of changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	Restated Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Compensated absences	\$ 176,485	\$ 462,293	\$ 537,289	\$ 101,489	\$ 101,489
Early retirement	1,864,530	-	565,165	1,299,365	449,574
Lease obligations	293,667	24,223	107,523	210,367	111,910
Note payable	458,952	-	458,952	-	-
	<u><u>\$ 2,793,634</u></u>	<u><u>\$ 486,516</u></u>	<u><u>\$ 1,668,929</u></u>	<u><u>\$ 1,611,221</u></u>	<u><u>\$ 662,973</u></u>

Compensated Absences

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

Early Retirement

The District offered a voluntary early retirement plan in fiscal year 2021 to its certified employees. Eligible employees were required to be at least age 55 and employees must have completed 15 years of service to the District. Employees completed an application which was required to be approved by the Board of Education.

The early retirement incentive for each eligible employee is equal to \$10,000 per year for five years.

As of June 30, 2022, the District had obligations to 98 participants with a total liability of \$1,299,365. Actual early retirement expenditures for the year ended June 30, 2022 totaled \$565,165. Early retirement obligations are generally liquidated by the Management Fund or the General Fund.

Early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements.

Muscatine Community School District

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

Note 5. Long-Term Liabilities (Continued)

Note Payable

On August 1, 2019, the District entered into a note payable for technology equipment purchases of \$1,377,222. The note payable requires annual payments of \$472,118 on August 1 commencing August 1, 2019 until maturity on August 1, 2022 and has an interest rate of 2.87 percent. The District paid \$458,952 in principal and \$13,166 interest for the year ended June 30, 2022. The computers do not meet the District's capitalization thresholds. The note payable has been paid in full.

Equipment Leases

The District has entered into several leases for equipment. The leases expire between June 30, 2023 and June 30, 2024. The details of the leases are as follows:

Year Ending June 30,	Marco Lease			Mountain Home Lease		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 95,050	\$ 3,408	\$ 98,458	\$ 6,215	\$ 50	\$ 6,265
2024	89,171	1,083	90,254	-	-	-
Total	<u>\$ 184,221</u>	<u>\$ 4,491</u>	<u>\$ 188,712</u>	<u>\$ 6,215</u>	<u>\$ 50</u>	<u>\$ 6,265</u>

Year Ending June 30,	JD Leasing			Total		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 10,645	\$ 755	\$ 11,400	\$ 111,910	\$ 4,213	\$ 116,123
2024	9,286	214	9,500	98,457	1,297	99,754
Total	<u>\$ 19,931</u>	<u>\$ 969</u>	<u>\$ 20,900</u>	<u>\$ 210,367</u>	<u>\$ 5,510</u>	<u>\$ 215,877</u>

As of June 30, 2022, the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	\$ 1,470,923,950
Debt limit, 5% of total assessed valuation	\$ 73,546,198
Amount of debt applicable to debt limit:	
Lease obligations	<u>210,367</u>
Total indebtedness	<u>210,367</u>
Legal debt margin	<u>\$ 73,335,831</u>

Muscatine Community School District

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

Note 6. Postemployment Benefits Other Than Pensions (OPEB)

General Information about the OPEB Plan

Plan description: The District's defined benefit OPEB plan, Muscatine 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 defined benefit OPEB plan administered by the District. Under Chapter 509A.13 of the Code of Iowa, "Group Insurance for Public Employees," If a governing body has procured insurance for its employees, the governing body shall allow its employees who retired before the age of sixty-five years of age to continue participation in the group plan at the employee's own expense until the employee attains sixty-five years of age. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

Benefits provided: The Plan provides medical and prescription drug benefits for retirees and their spouses. Participants must be age 55 or older at retirement with 15 or more years of service with the District. The medical/prescription drug coverage is provided through a fully insured plan with United Healthcare of River Valley. Retirees under 65 pay the same premium for the medical/prescription drug benefit as active employees.

The full monthly premium rates as of January 1, 2021 for each plan are as shown below:

Rate Tier	\$250 PPO	\$500 PPO	HDHP
Single	\$ 815	\$ 770	\$ 630
Spouse	731	690	563

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	35
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	830
	<u>865</u>

Muscatine Community School District

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

Note 6. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Total OPEB Liability

The District's total OPEB liability of \$12,203,960 was measured as of June 30, 2022 and was determined by an actuarial valuation as June 30, 2022.

	Total OPEB Liability
Balance at July 1, 2021	\$ 14,305,262
Changes for the year:	
Service cost	1,275,974
Interest	307,748
Changes of benefit terms	-
Differences between expected and actual experience	(930,129)
Changes in assumptions or other inputs	(2,378,099)
Benefit payments	(376,796)
Other changes	-
Net changes	<u>(2,101,302)</u>
Balance at June 30, 2022	<u><u>\$ 12,203,960</u></u>

There were no changes as a result of benefit terms. The discount rate was 2.18% in 2021 and 4.09% in 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	2.50% per annum
Salary increases	4.00% per annum
Discount rate	4.09% per annum
Retirees' share of benefit-related costs	100%
Health care cost trend rate	\$250 PPO Plan & \$500 PPO Plan - 6.00% High deductible Health Plan - 6.00% Ultimate Health Care Cost Trend Rate - 4.50%

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index. Mortality rates were based on the RP-2014 generational table scaled using MP-17 and applied on a gender-specific basis. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period 2010–2021.

Changes in the Total OPEB Liability

Rates of retirement, withdrawal and disability were changed to those in the most recent Iowa Public Employees' Retirement System Pension Fund actuarial valuation report. Changes of assumptions or other inputs reflect a change in the discount rate from 2.18% per annum in 2021 to 4.09% per annum in 2022.

Muscatine Community School District

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

Note 6. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

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 (3.09%)	Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB liability	\$ 13,149,458	\$ 12,203,960	\$ 11,331,990

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1-percentage point higher than the current healthcare cost trend rates.

	1% Decrease (5.00% decreasing to 4.50%)	Healthcare Cost Trend Rates (6.00% decreasing to 4.50%)	1% Increase (7.00% decreasing to 4.50%)
Total OPEB liability	\$ 10,968,873	\$ 12,203,960	\$ 13,658,709

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,252,210. 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	\$ -	\$ (1,022,057)
Changes of assumptions or other inputs	834,980	(2,311,688)
Net difference between projected and actual investments	-	-
Total	\$ 834,980	\$ (3,333,745)

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	\$ (331,511)
2024	(331,511)
2025	(331,511)
2026	(331,511)
2027	(331,511)
Thereafter	(841,210)
	<u>\$ (2,498,765)</u>

Muscatine Community School District

Notes to Basic Financial Statements Year Ended June 30, 2022

Note 7. 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 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 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. State 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.

Muscatine Community School District

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

Note 7. Pension and Retirement Benefits (Continued)

The District's contributions to IPERS for the year ended June 30, 2022 were \$3,275,618.

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 \$610,468 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 -0.176831 percent, which was a decrease of 0.620660 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense (income) of (\$2,686,163).

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	\$ 464,481	\$ 466,366
Changes of assumptions	399,298	-
Net difference between projected and actual earnings on pension plan investments	-	22,118,255
Changes in proportion and differences between District contributions and proportionate share of contributions	-	1,446,806
District contributions subsequent to the measurement date	3,275,618	-
Total	<u>\$ 4,139,397</u>	<u>\$ 24,031,427</u>

\$3,275,618 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year 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	\$ (5,858,685)
2024	(5,791,178)
2025	(5,315,092)
2026	(6,190,104)
2027	(12,589)
Total	<u>\$ (23,167,648)</u>

There were no non-employer contributing entities to IPERS.

Muscatine Community School District

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

Note 7. 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, as follows:

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

The long-term expected rate of return on 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%	

Muscatine Community School District

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

Note 7. 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 employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, 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)	\$ 21,606,468	\$ 610,468	\$ (16,985,514)

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 \$299,021 for legally required employer contributions and \$199,242 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 8. Risk Management

Muscatine 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.

On July 1, 2021, the District transitioned from a commercially-insured health insurance plan to a self-funded health insurance plan.

The District has established the internal service fund to account for a premium and claim payments for a self-insured group health insurance plan for the District’s employees to meet potential losses from medical claims. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125 percent of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess \$75,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three calendar years.

Payments are made to the plan based on the actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are estimated by considering the effects of inflation, recent claims settlement trends, including frequency and amount of pay-outs and other economic and social factors.

Muscatine Community School District

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

Note 8. Risk Management (Continued)

The plan receives an annual actuarial opinion and an annual report is filed with the State of Iowa Insurance Division.

Changes in the balances of claims payable during the years ending are as follows:

	2022	2021
Claims payable, beginning of year	\$ -	\$ -
Incurred claims (including IBNR and changes in estimates)	5,798,063	-
Claim payments	5,141,063	-
Claims payable, end of year	<u>\$ 657,000</u>	<u>\$ -</u>

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$2,247,029 for the year ended June 30, 2022 and is recorded in the General Fund.

Note 10. Categorical Funding

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

Program	Amount
Home school assistance program	\$ 165,386
Teacher leadership and compensation system	308,848
Teacher salary supplement	6,187
Successful progression for early readers	148,774
Professional development	215,377
Parent education for at-risk	17,496
Four-year-old preschool	112,528
Gifted and talented	43,817
Textbook aid for nonpublic students	3,683
Total	<u>\$ 1,022,096</u>

Note 11. Commitments

The District has entered into contracts totaling \$5,839,500 for various building renovations. As of June 30, 2022, costs of \$698,911 had been incurred against the contracts. The balance of \$5,140,589 remaining as of June 30, 2022 will be paid as work on the projects progress.

Note 12. 28E Agreement

The District participates in a Chapter 28E agreement with Muscatine Agricultural Learning Center, the Friends of the Muscatine FFA and Eastern Iowa Community College. The agreement is to remain in effect for a minimum period of ten years. In the event the Muscatine Agricultural Learning Center is dissolved, there is a plan to split the remaining balance and assets owned between the three partners in the agreement.

Muscatine Community School District

Notes to Basic Financial Statements Year Ended June 30, 2022

Note 12. 28E Agreement (Continued)

In accordance with the agreement, the Muscatine Agricultural Learning Center is to own and operate the facility to provide educational opportunities for students of Eastern Iowa Community College and the Muscatine Community School District. The Friends of the Muscatine FFA obtained financial support for the construction of the facility and have shared advisory and governance responsibilities with the other members of the agreement. Eastern Iowa Community College and the Muscatine Community School District provided funds for the construction of the facility as well as be a program and tenant partner of the learning center.

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 Muscatine, Iowa	Urban renewal and economic development projects	\$ 465,318
Muscatine County	Urban renewal and economic development projects	40,848

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 \$21,012.

Note 14. 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 \$36,469,578 to \$36,480,153 as a result of the new statement.

Muscatine Community School District

Notes to Basic Financial Statements Year Ended June 30, 2022

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

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.

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.

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.

Except for the restatement for GASB Statement No. 87, the implementation of the above statements did not have a material impact on the District's financial statements.

Muscatine Community School District

Notes to Basic Financial Statements Year Ended June 30, 2022

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

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.

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.

Muscatine Community School District

Notes to Basic Financial Statements Year Ended June 30, 2022

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

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 August 8, 2022, the Board of Education approved the proposal to issue approximately \$32,000,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds which may be issued in one or more series over multiple fiscal years for the purpose of providing funds to build, furnish and equip additions to existing school facilities, including new controlled entrances at the Junior High School and Madison and Grant Elementary schools, and related demolition, remodeling, improvements and site improvements; to remodel, repair and improve existing facilities; to build, furnish and equip athletic facilities, including a gymnasium addition and track replacement at the Junior High School and baseball and softball field additions and related improvements and to purchase and improve grounds.

On October 10, 2022, the Board of Education approved the sale of \$15,000,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2022 for the purposes described in the August 8, 2022 Board of Education resolution. The interest rate on the bonds is 3.89 percent with interest payments due each June 1 and December 1. Principal requirements range from \$1,905,000 to \$2,396,000 due each June 1 commencing June 1, 2024 until maturity on June 1, 2030.

On October 10, 2022, the Board of Education approved a contract for construction for a central production kitchen for \$5,775,000.

Muscatine Community School District

Notes to Basic 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.

	Governmental Activities
Net position June 30, 2021 as previously reported	\$ 36,469,578
Right to use leased equipment	377,291
Right to use leased equipment accumulated amortization	(73,049)
Lease obligations	(293,667)
Net position June 30, 2021 as restated	<u>\$ 36,480,153</u>

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Required Supplementary Information

Muscatine 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	\$ 1,275,974	\$ 1,105,503
Interest	307,748	333,441
Changes of benefit terms	-	-
Differences between expected and actual experience	(930,129)	-
Changes in assumptions or other inputs	(2,378,099)	543,543
Benefit payments	(376,796)	(425,284)
Other changes	-	-
Net changes in total OPEB liability	<u>(2,101,302)</u>	<u>1,557,203</u>
Total OPEB liability - beginning	<u>14,305,262</u>	<u>12,748,059</u>
Total OPEB liability - ending	<u><u>\$ 12,203,960</u></u>	<u><u>\$ 14,305,262</u></u>
Covered employee payroll	\$ 34,733,055	\$ 30,714,996
Total OPEB liability as a percentage of covered employee payroll	35%	47%

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:

4.09%	2.18%
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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
\$ 1,055,742	\$ 963,578	\$ 895,100
326,379	316,093	295,308
-	-	-
(304,474)	-	-
48,935	166,039	111,193
(357,516)	(387,137)	(529,164)
102,046	17,642	(145,967)
<u>871,112</u>	<u>1,076,215</u>	<u>626,470</u>
<u>11,876,947</u>	<u>10,800,732</u>	<u>10,174,262</u>
<u>\$ 12,748,059</u>	<u>\$ 11,876,947</u>	<u>\$ 10,800,732</u>

\$ 30,714,996	\$ 31,689,758	\$ 31,689,758
42%	37%	34%

2.66%	2.79%	2.98%
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Muscatine Community School District

Required Supplementary Information

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

	Governmental Funds - Actual	Enterprise Fund - Actual
Revenues:		
Local sources	\$ 21,266,897	\$ 134,203
State sources	42,396,942	20,511
Federal sources	5,340,726	3,907,286
Total revenues	69,004,565	4,062,000
Expenditures/expenses:		
Instruction	37,919,349	-
Support services	20,238,185	-
Noninstructional programs	39,581	3,133,822
Other expenditures	6,736,986	-
Total expenditures/expenses	64,934,101	3,133,822
(Deficiency) of revenues (under) expenditures/expenses	4,070,464	928,178
Other financing sources (uses):		
Transfers, net	(21,833)	21,833
Proceeds from sale of capital assets	26,738	-
Issuance of lease	24,223	-
Total other financing sources (uses)	29,128	21,833
Net change in fund balance	4,099,592	950,011
Fund balance/net position, beginning of year	21,635,820	(107,415)
Fund balance/net position, end of year	\$ 25,735,412	\$ 842,596

See Notes to Required Supplementary Information.

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 21,401,100	\$ 21,079,589	\$ 21,079,589	\$ 321,511
42,417,453	41,982,167	41,982,167	435,286
9,248,012	4,977,983	4,977,983	4,270,029
<u>73,066,565</u>	<u>68,039,739</u>	<u>68,039,739</u>	<u>5,026,826</u>
37,919,349	39,212,878	39,962,878	2,043,529
20,238,185	18,773,075	20,773,075	534,890
3,173,403	2,839,158	3,589,158	415,755
6,736,986	7,888,271	9,388,271	2,651,285
<u>68,067,923</u>	<u>68,713,382</u>	<u>73,713,382</u>	<u>5,645,459</u>
4,998,642	(673,643)	(5,673,643)	10,672,285
-	-	-	-
26,738	3,500	3,500	23,238
24,223	-	-	24,223
<u>50,961</u>	<u>3,500</u>	<u>3,500</u>	<u>47,461</u>
5,049,603	\$ (670,143)	\$ (5,670,143)	\$ 10,719,746
<u>21,528,405</u>			
<u>\$ 26,578,008</u>			

Muscatine 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*
District's proportion of the net pension liability	-0.176831%	0.443829%
District's proportionate share of the net pension liability	\$ 610,468	\$ 31,177,801
District's covered payroll	\$ 35,324,557	\$ 35,225,232
District's proportionate share of the net pension liability as a percentage of its covered payroll	1.73%	88.51%
Plan fiduciary net pension as a percentage of the total pension liability	100.81%	82.90%

*The amounts presented for each fiscal year were determined as of the prior fiscal-year end.

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

See Notes to Required Supplementary Information.

2020*	2019*	2018*	2017*	2016*	2015*
0.461709%	0.467878%	0.473695%	0.481257%	0.494997%	0.503636%
\$ 26,735,971	\$ 29,608,449	\$ 31,544,108	\$ 30,287,033	\$ 24,455,266	\$ 19,973,711
\$ 35,137,791	\$ 35,169,191	\$ 35,364,277	\$ 34,536,797	\$ 33,911,814	\$ 32,956,000
76.09%	84.19%	89.20%	87.69%	72.11%	60.61%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

Muscatine Community School District

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

	2022	2021	2020	2019
Statutorily required contribution	\$ 3,275	\$ 3,336	\$ 3,325	\$ 3,317
Contributions in relation to the statutorily required contribution	\$ (3,275)	\$ (3,336)	\$ (3,325)	\$ (3,317)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 34,691	\$ 35,235	\$ 35,225	\$ 35,138
Contributions as a percentage of covered payroll	9.44%	9.47%	9.44%	9.44%

See Notes to Required Supplementary Information.

	2018		2017		2016		2015		2014		2013
\$	3,141	\$	3,158	\$	3,084	\$	3,028	\$	2,943	\$	2,784
\$	(3,141)	\$	(3,158)	\$	(3,084)	\$	(3,028)	\$	(2,943)	\$	(2,784)
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	35,169	\$	35,364	\$	34,537	\$	33,912	\$	32,956	\$	32,111
	8.93%		8.93%		8.93%		8.93%		8.93%		8.67%

Muscatine Community School District

Notes to Required Supplementary Information

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 private-purpose trust, internal service and custodial funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared in accordance with generally accepted accounting principles.

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. There was one amendment to the original budget during the year to increase expenditures \$5,000,000.

Note 2. Iowa Public Employees' Retirement System Pension Liability

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

Muscatine Community School District

Notes to Required Supplementary Information

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

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.

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Other Supplementary Information

Muscatine Community School District

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

	Special Revenue			Total
	Management Levy	Student Activity	Debt Service	
Assets				
Cash and pooled investments	\$ 1,919,064	\$ 329,007	\$ -	\$ 2,248,071
Receivables:				
Property tax:				
Current year	7,625	-	-	7,625
Succeeding year	999,994	-	-	999,994
Accounts	5,937	11,203	-	17,140
Due from other governments	84	-	-	84
Total assets	\$ 2,932,704	\$ 340,210	\$ -	\$ 3,272,914
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 14,052	\$ -	\$ 14,052
Total liabilities	-	14,052	-	14,052
Deferred inflows of resources, Unavailable revenue-succeeding year property tax	999,994	-	-	999,994
Fund balance:				
Restricted	1,932,710	326,158	-	2,258,868
Total fund balances	1,932,710	326,158	-	2,258,868
Total liabilities, deferred inflows of resources and fund balances	\$ 2,932,704	\$ 340,210	\$ -	\$ 3,272,914

Muscatine Community School District

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

	Special Revenue			Total
	Management Levy	Student Activity	Debt Service	
Revenues:				
Local sources:				
Local tax	\$ 1,005,403	\$ -	\$ -	\$ 1,005,403
Interest	860	377	-	1,237
Other	33,467	437,089	-	470,556
State sources	32,329	-	-	32,329
Total revenues	1,072,059	437,466	-	1,509,525
Expenditures:				
Current:				
Instruction	475,912	421,911	-	897,823
Support services:				
Student services	4,713	-	-	4,713
Instructional services	5,236	-	-	5,236
Administration services	131,140	-	-	131,140
Operation and maintenance of plant services	631,540	518	-	632,058
Transportation services	104,818	254	-	105,072
Noninstructional programs	39,581	-	-	39,581
Debt service:				
Principal	-	-	566,475	566,475
Interest	-	-	19,591	19,591
Total expenditures	1,392,940	422,683	586,066	2,401,689
Excess (deficiency) of revenues over (under) expenditures	(320,881)	14,783	(586,066)	(892,164)
Other financing sources, Transfer in	-	-	586,066	586,066
Net change in fund balances	(320,881)	14,783	-	(306,098)
Fund balances, beginning of year	2,253,591	311,375	-	2,564,966
Fund balances, end of year	\$ 1,932,710	\$ 326,158	\$ -	\$ 2,258,868

Muscatine Community School District

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

	Capital Projects Accounts		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 10,168,252	\$ 1,682,005	\$ 11,850,257
Receivables:			
Property tax:			
Current year	-	18,161	18,161
Succeeding year	-	2,460,035	2,460,035
Due from other governments	1,184,838	196	1,185,034
Total assets	\$ 11,353,090	\$ 4,160,397	\$ 15,513,487
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ 313,569	\$ 414,075	\$ 727,644
Total liabilities	313,569	414,075	727,644
Deferred Inflows of Resources:			
Unavailable revenue-succeeding year property tax	-	2,460,035	2,460,035
Unavailable revenue-statewide sales and services tax	788,351	-	788,351
Total deferred inflows of resources	788,351	2,460,035	3,248,386
Fund Balances:			
Restricted for:			
Physical plant and equipment	-	1,286,287	1,286,287
School infrastructure	10,251,170	-	10,251,170
Total fund balances	10,251,170	1,286,287	11,537,457
Total liabilities and fund balances	\$ 11,353,090	\$ 4,160,397	\$ 15,513,487

Muscatine Community School District

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

	Capital Projects Accounts		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	\$ 2,469,024	\$ 2,469,024
Private donations	-	92,699	92,699
Interest	7,677	1,446	9,123
State sources	5,665,028	75,990	5,741,018
Total revenues	5,672,705	2,639,159	8,311,864
Expenditures:			
Current:			
Support services:			
Instructional staff services	-	15,070	15,070
Administration services	-	289,572	289,572
Operation and maintenance of plant services	-	141,806	141,806
Transportation services	-	469,287	469,287
Capital outlay, facilities acquisition	835,847	3,068,044	3,903,891
Total expenditures	835,847	3,983,779	4,819,626
Excess (deficiency) of revenues over expenditures	4,836,858	(1,344,620)	3,492,238
Other financing (uses):			
Proceeds from sale of capital asset	-	4,725	4,725
Issuance of capital lease	-	24,223	24,223
Transfer in	-	423,915	423,915
Transfer (out)	-	(586,066)	(586,066)
Total other financing (uses)	-	(133,203)	(133,203)
Net change in fund balance	4,836,858	(1,477,823)	3,359,035
Fund balance, beginning of year	5,414,312	2,764,110	8,178,422
Fund balance, end of year	\$ 10,251,170	\$ 1,286,287	\$ 11,537,457

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Fiduciary Funds

Muscatine Community School District

**Combining Statement of Fiduciary Net Position
Fiduciary Funds- Custodial Funds
June 30, 2022**

	Custodial		
	Insurance	ECIMC Fiscal	
	Fund	Agent Fund	Total
Assets:			
Cash and investments	\$ -	\$ 92,390	\$ 92,390
Liabilities:			
Accounts payable	-	47,159	47,159
Net Position	\$ -	\$ 45,231	\$ 45,231

Muscatine Community School District

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds- Custodial Funds

Year Ended June 30, 2022

	Custodial		Total
	Insurance Fund	ECIMC Fiscal Agent Fund	
Additions:			
Local sources, other:			
Net investment income	\$ 54,637	\$ 374,505	\$ 429,142
Total additions	<u>54,637</u>	<u>374,505</u>	<u>429,142</u>
Deductions, current,			
Administrative expenses	<u>74,293</u>	<u>424,795</u>	<u>499,088</u>
Change in net position	<u>(19,656)</u>	<u>(50,290)</u>	<u>(69,946)</u>
Net position, beginning of year	<u>19,656</u>	<u>95,521</u>	<u>115,177</u>
Net position, end of year	<u>\$ -</u>	<u>\$ 45,231</u>	<u>\$ 45,231</u>

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Statistical Section

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Muscatine Community School District

Statistical Section Contents

The statistical section of the District's annual comprehensive financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the District's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	70-84
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	85-90
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	91 - 96
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	97 - 98
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	99-105

Schedule 1
Muscatine Community School District

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	\$ 38,599,626	\$ 40,099,710	\$ 46,923,807	\$ 45,702,866
Restricted	9,495,888	8,481,871	4,936,794	8,549,840
Unrestricted	2,386,874	4,149,271	(18,322,531)	(14,563,450)
Business-type activities:				
Net investment in capital assets	112,018	234,401	205,788	178,122
Restricted	-	-	-	-
Unrestricted	308,017	148,698	(567,952)	(253,978)
Total primary government net position	\$ 50,902,423	\$ 53,113,951	\$ 33,175,906	\$ 39,613,400

Source: District financial records

Fiscal Year									
2017	2018	2019	2020	2021	2022				
\$ 44,299,135	\$ 44,706,963	\$ 45,857,273	\$ 56,499,125	\$ 54,644,500	\$ 54,622,845				
10,634,314	12,817,306	13,744,874	6,271,838	11,260,430	15,606,772				
(21,033,968)	(21,869,993)	(23,916,653)	(28,250,419)	(29,435,352)	(23,436,284)				
159,578	293,367	237,703	430,951	396,906	343,995				
-	-	-	-	-	-				
(290,166)	(308,552)	(307,079)	(940,477)	(504,321)	498,601				
<u>\$ 33,768,893</u>	<u>\$ 35,639,091</u>	<u>\$ 35,616,118</u>	<u>\$ 34,011,018</u>	<u>\$ 36,362,163</u>	<u>\$ 47,635,929</u>				

**Schedule 2
Muscatine Community School District**

**Expenses, Program Revenues and Net (Expense) Revenue
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

	2013	2014	2015	2016
Expenses:				
Governmental activities:				
Instruction	36,013,605	36,912,548	36,976,995	41,338,720
Student services	1,617,395	1,684,721	1,662,045	1,569,091
Instructional staff services	1,182,579	1,461,514	1,559,083	1,100,125
Administration services	6,199,006	6,438,142	6,487,486	6,384,601
Operation and maintenance of plant services	5,006,623	6,350,056	4,630,455	5,113,600
Transportation services	1,732,963	1,841,508	2,172,991	2,016,404
Noninstructional	39,807	20,770	42,635	39,303
Interest on long-term debt	30,367	-	9,731	-
AEA flowthrough	2,010,185	2,100,120	2,207,805	2,227,592
Depreciation (unallocated)	1,958,101	2,290,613	2,366,966	-
Total governmental activities	55,790,631	56,809,379	58,116,192	59,789,436
Business-type activities:				
Food service operations	2,936,230	3,141,685	2,704,480	2,471,149
Total business-type activities	2,936,230	3,141,685	2,704,480	2,471,149
Total primary government expenses	58,726,861	59,951,064	60,820,672	62,260,585
Program revenues:				
Governmental activities:				
Charges for services	1,308,173	1,420,769	1,816,146	1,700,056
Operating grants and contributions	5,575,839	7,087,035	12,002,620	11,732,304
Capital grants and contributions	33,000	10,000	-	-
Total governmental activities	6,917,012	8,517,804	13,818,766	13,432,360
Business-type activities:				
Charges for services	910,469	893,814	894,309	940,384
Operating grants and contributions	1,797,193	1,947,083	1,857,055	1,816,930
Capital grants and contributions	-	-	-	-
Total business-type activities	2,707,662	2,840,897	2,751,364	2,757,314
Total primary government revenues	9,624,674	11,358,701	16,570,130	16,189,674
Net (expense) revenues:				
Total governmental activities	(48,873,619)	(48,291,575)	(44,297,426)	(46,357,076)
Total business-type activities	(228,568)	(300,788)	46,884	286,165
Total primary government	\$ (49,102,187)	\$ (48,592,363)	\$ (44,250,542)	\$ (46,070,911)

Source: District financial records

Fiscal Year					
2017	2018	2019	2020	2021	2022
43,347,977	41,772,323	43,314,984	44,170,510	41,812,013	36,699,594
1,633,616	2,266,884	2,417,633	2,352,438	2,381,632	2,811,996
1,095,563	3,035,618	2,537,509	2,567,827	2,858,838	2,322,656
7,388,213	6,702,042	6,768,712	6,907,640	6,419,036	5,606,906
6,741,682	5,597,853	5,496,058	6,528,785	6,893,340	6,370,244
2,130,793	1,711,612	2,864,267	2,447,356	2,471,995	2,636,471
71,289	56,864	53,384	34,468	63,626	39,581
-	-	-	23,802	14,232	7,523
2,188,667	2,232,030	2,223,267	2,234,604	2,245,266	2,247,029
-	-	-	-	-	-
64,597,800	63,375,226	65,675,814	67,267,430	65,159,978	58,742,000
2,520,856	2,592,265	2,731,280	2,758,212	3,043,110	3,133,822
2,520,856	2,592,265	2,731,280	2,758,212	3,043,110	3,133,822
67,118,656	65,967,491	68,407,094	70,025,642	68,203,088	61,875,822
1,819,678	1,977,538	1,926,772	2,469,963	1,035,923	1,326,420
11,333,959	11,073,851	11,278,903	10,888,353	12,701,568	14,299,397
-	-	-	-	1,000,000	516,614
13,153,637	13,051,389	13,205,675	13,358,316	14,737,491	16,142,431
1,010,732	932,166	714,572	479,666	96,197	132,787
1,856,198	1,696,149	1,966,766	1,842,749	3,344,758	3,927,797
-	87,159	-	-	-	-
2,866,930	2,715,474	2,681,338	2,322,415	3,440,955	4,060,584
16,020,567	15,766,863	15,887,013	15,680,731	18,178,446	20,203,015
(51,444,163)	(50,323,837)	(52,470,139)	(53,909,114)	(50,422,487)	(42,599,569)
346,074	123,209	(49,942)	(435,797)	397,845	926,762
\$ (51,098,089)	\$ (50,200,628)	\$ (52,520,081)	\$ (54,344,911)	\$ (50,024,642)	\$ (41,672,807)

**Schedule 3
Muscatine Community School District**

**General Revenues and Total Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

	2013	2014	2015	2016
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes levied for:				
General purposes	16,771,557	16,819,798	15,630,757	16,030,349
Capital outlay	1,358,608	1,500,948	1,489,958	1,801,520
Other specific purposes	-	-	1,237,006	1,313,487
Income surtax	-	252,332	304,655	288,944
Statewide sales and services tax	4,400,620	4,650,907	5,333,846	5,021,639
Revenue in lieu of tax	-	-	-	-
Unrestricted state grants	28,835,505	29,582,851	27,744,373	28,014,759
Nonspecific program federal grant	380,722	-	-	-
Unrestricted Investment earnings	50,963	29,395	31,848	37,564
Other	53,955	250,821	-	-
Transfers	-	(256,400)	-	-
Total governmental activities	51,851,930	52,830,652	51,772,443	52,508,262
Business-type activities:				
Unrestricted Investment earnings	328	94	91	143
Other	2,712	7,358	-	-
Transfers	-	256,400	-	-
Total business-type activities	3,040	263,852	91	143
Total primary government	51,854,970	53,094,504	51,772,534	52,508,405
Change in net position:				
Total governmental activities	2,978,311	4,539,077	7,475,017	6,151,186
Total business-type activities	(225,528)	(36,936)	46,975	286,308
Total primary government	\$ 2,752,783	\$ 4,502,141	\$ 7,521,992	\$ 6,437,494

Source: District financial records

Fiscal Year					
2017	2018	2019	2020	2021	2022
16,382,742	15,438,227	15,428,323	14,729,130	14,742,785	15,756,998
1,859,649	2,225,492	2,279,803	2,346,486	2,400,787	2,469,024
1,257,231	1,314,313	1,536,586	1,528,111	1,519,518	1,005,403
320,449	290,503	308,137	332,891	308,888	290,413
5,005,378	4,730,465	5,077,534	5,081,114	5,238,521	5,762,198
741,288	723,801	687,877	637,213	632,233	608,190
27,659,942	27,140,362	26,768,156	27,313,595	27,480,212	27,008,170
-	-	-	-	-	-
55,307	206,705	402,920	328,124	49,291	34,186
-	-	5,404	441,898	3,029	-
-	8,764	6,617	5,602	(3,743)	(21,833)
53,281,986	52,078,632	52,501,357	52,744,164	52,371,521	52,912,749
784	958	2,368	1,249	523	1,416
-	-	-	-	-	-
-	(8,764)	(6,617)	(5,602)	3,743	21,833
784	(7,806)	(4,249)	(4,353)	4,266	23,249
53,282,770	52,070,826	52,497,108	52,739,811	52,375,787	52,935,998
1,837,823	1,754,795	31,218	(1,164,950)	1,949,034	10,313,180
346,858	115,403	(54,191)	(440,150)	402,111	950,011
\$ 2,184,681	\$ 1,870,198	\$ (22,973)	\$ (1,605,100)	\$ 2,351,145	\$ 11,263,191

**Schedule 4
Muscatine Community School District**

**Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

	2013	2014	2015	2016
General Fund:				
Nonspendable	\$ 35,207	\$ 57,373	\$ 73,669	\$ 66,360
Restricted	990,121	1,145,846	1,672,511	1,327,564
Assigned	-	-	-	-
Unassigned	3,646,533	5,081,084	7,703,207	10,452,234
Total General Fund	4,671,861	6,284,303	9,449,387	11,846,158
All other governmental funds:				
Nonspendable	-	-	-	-
Restricted for:				
Management levy	1,897,073	971,903	907,227	987,832
Physical plant and equipment levy	766,396	725,367	832,202	1,714,864
School infrastructure	5,343,179	5,159,860	785,787	3,856,878
Student activity purposes	437,919	417,668	418,918	408,570
Instructional programs	-	-	53,457	53,495
Support trust	61,200	61,227	-	-
Total all other governmental funds	8,505,767	7,336,025	2,997,591	7,021,639
Total governmental funds	\$ 13,177,628	\$ 13,620,328	\$ 12,446,978	\$ 18,867,797

Source: District financial records

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ -	\$ 15,557	\$ 2,500	\$ -	\$ 1,606	\$ -
1,156,085	685,896	705,960	431,302	520,584	1,022,096
-	36,752	36,301	60,534	76,093	143,324
12,466,016	12,965,694	12,020,555	10,644,009	10,294,149	10,773,667
13,622,101	13,703,899	12,765,316	11,135,845	10,892,432	11,939,087
-	-	-	-	694,723	-
968,826	1,060,803	1,513,601	1,939,713	1,624,403	1,932,710
1,034,046	1,251,599	972,601	1,513,947	2,698,575	1,286,287
6,761,917	9,198,953	10,041,605	1,818,964	5,414,312	10,251,170
409,639	322,837	228,747	277,377	311,375	326,158
53,518	53,333	31,588	31,318	-	-
-	-	-	-	-	-
9,227,946	11,887,525	12,788,142	5,581,319	10,743,388	13,796,325
\$ 22,850,047	\$ 25,591,424	\$ 25,553,458	\$ 16,717,164	\$ 21,635,820	\$ 25,735,412

**Schedule 5
Muscatine Community School District**

**Governmental Funds Revenues
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

	2013	2014	2015	2016
Local sources:				
Local tax	\$ 22,530,785	\$ 18,320,746	\$ 18,628,986	\$ 19,494,605
Tuition	621,193	583,016	530,347	453,670
Other revenues	1,486,224	1,412,458	1,317,747	1,237,625
Total local sources	24,638,202	20,316,220	20,477,080	21,185,900
State sources:				
Statewide sales, services and use tax	4,400,620	4,650,907	5,333,846	5,021,639
State foundation aid and state grants	\$ 27,609,506	\$ 33,944,217	\$ 37,049,626	\$ 37,772,554
Total state sources	32,010,126	38,595,124	42,383,472	42,794,193
Federal sources, federal grants	2,120,614	2,441,180	2,430,675	2,040,564
Total revenues	\$ 58,768,942	\$ 61,352,524	\$ 65,291,227	\$ 66,020,657

Source: District financial records

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 19,791,734	\$ 19,478,972	\$ 19,843,188	\$ 18,924,223	\$ 18,959,719	\$ 19,547,749
632,257	533,893	503,304	622,077	562,040	640,251
1,242,727	1,394,914	1,529,784	2,176,011	1,643,106	1,078,897
21,666,718	21,407,779	21,876,276	21,722,311	21,164,865	21,266,897
5,005,378	4,730,465	5,070,647	5,072,669	4,806,557	5,665,028
37,423,723	36,845,369	36,409,590	36,952,814	37,392,218	36,731,914
42,429,101	41,575,834	41,480,237	42,025,483	42,198,775	42,396,942
2,261,820	2,151,907	2,325,347	1,886,347	3,301,861	5,340,726
\$ 66,357,639	\$ 65,135,520	\$ 65,681,860	\$ 65,634,141	\$ 66,665,501	\$ 69,004,565

**Schedule 6
Muscatine Community School District**

**Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

	2013	2014	2015	2016
Instruction	\$ 36,254,296	\$ 36,426,501	\$ 37,509,233	39,758,470
Student services	1,646,917	1,641,603	1,642,590	1,551,908
Instructional staff services	1,281,373	1,378,893	1,523,383	1,065,752
Administration services	6,119,304	6,340,544	6,456,225	6,339,083
Operation and maintenance of plant	5,010,283	5,355,512	4,928,889	4,889,562
Transportation services	1,750,580	1,841,780	1,912,098	1,765,709
Noninstructional programs	11,404	181,691	62,880	74,045
Capital outlay, facilities acquisition	7,081,218	5,030,721	9,609,011	2,208,369
Long term debt:				
Principal	610,484	596,507	607,138	-
Interest	31,900	21,460	10,829	-
AEA flowthrough	2,010,185	2,100,120	2,207,805	2,227,592
Total expenditures	\$ 61,807,944	\$ 60,915,332	\$ 66,470,081	\$ 59,880,490
Debt service as a percentage of noncapital expenditures	N/A	N/A	N/A	0.00%

Source: District financial records

Fiscal Year						
2017	2018	2019	2020	2021	2022	
\$ 39,889,517	\$ 38,155,452	\$ 39,501,315	\$ 39,639,483	\$ 37,726,518	\$ 37,919,349	
1,605,362	2,213,283	2,403,268	2,251,659	2,289,440	3,033,934	
1,053,761	2,993,896	2,482,642	2,431,121	2,766,544	2,509,883	
7,172,972	6,437,236	6,516,189	6,673,957	6,174,406	6,327,461	
5,172,014	5,259,618	5,737,353	5,569,627	6,042,770	6,099,963	
1,966,010	1,545,824	2,483,398	1,933,584	1,946,085	2,266,944	
80,058	71,401	60,260	46,318	36,740	39,581	
3,666,962	3,515,809	4,324,155	15,042,686	2,046,244	3,903,891	
-	-	-	472,118	446,152	566,475	
-	-	-	-	25,966	19,591	
2,188,667	2,232,030	2,223,267	2,234,604	2,245,266	2,247,029	
<u>\$ 62,795,323</u>	<u>\$ 62,424,549</u>	<u>\$ 65,731,847</u>	<u>\$ 76,295,157</u>	<u>\$ 61,746,131</u>	<u>\$ 64,934,101</u>	
0.00%	0.00%	0.00%	0.77%	0.80%	0.97%	

**Schedule 7
Muscatine Community School District**

**Other Financing Sources and Uses and Net Change in Fund Balances
Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

	2013	2014	2015	2016
Excess (deficiency) of revenues over (under) expenditures	\$ (3,039,002)	\$ 437,192	\$ (1,178,854)	\$ 6,140,167
Other financing sources (uses):				
Sale of capital assets	4,557	5,508	5,504	280,000
Capital leases	-	-	-	-
Insurance proceeds	13,394	-	-	-
Transfers in	650,556	617,967	617,967	-
Transfers out	(650,556)	(617,967)	(617,967)	-
Total other financing sources (uses)	17,951	5,508	5,504	280,000
Net change in fund balances	\$ (3,021,051)	\$ 442,700	\$ (1,173,350)	\$ 6,420,167

Source: District financial records

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 3,562,316	\$ 2,710,971	\$ (49,987)	\$ (10,661,016)	\$ 4,919,370	\$ 4,070,464
419,933	21,642	5,404	441,898	3,029	26,738
-	-	-	1,377,222	-	24,223
-	-	-	-	-	-
-	8,764	6,617	5,602	526,931	1,039,981
-	-	-	-	(530,674)	(1,061,814)
419,933	30,406	12,021	1,824,722	(714)	29,128
\$ 3,982,249	\$ 2,741,377	\$ (37,966)	\$ (8,836,294)	\$ 4,918,656	\$ 4,099,592

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**Schedule 8
Muscatine Community School District**

**Financial Solvency
Ratio Last Ten Fiscal
Years (Unaudited)**

<u>School Year</u>	<u>Unassigned/Assigned</u>	<u>Actual Revenues</u>	<u>Financial Solvency Ratio</u>
2012-2013	\$ 3,681,470	\$ 49,009,071	7.51%
2013-2014	5,138,457	51,970,538	9.89%
2014-2015	7,776,877	54,585,176	14.25%
2015-2016	10,518,594	54,997,281	19.13%
2016-2017	12,466,016	55,401,110	22.50%
2017-2018	13,004,226	53,843,042	24.15%
2018-2019	12,056,855	53,698,443	22.45%
2019-2020	10,704,543	52,700,748	20.31%
2020-2021	10,370,243	54,176,391	19.14%
2021-2022	10,916,991	56,936,147	19.17%

Source: District financial records

Note: Actual revenues excludes AEA flowthrough

**Schedule 9
Muscatine Community School District**

**Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Actual Value			
	Residential Property	Commercial Property	Industrial Property	Other Property
2013	\$ 631,041,488	\$ 260,307,455	\$ 204,273,115	\$ 105,395,292
2014	659,890,510	259,516,245	195,972,090	104,751,680
2015	678,712,836	256,168,542	185,846,854	105,321,342
2016	698,343,846	263,712,236	177,497,685	104,017,616
2017	720,534,047	246,832,599	187,072,974	141,113,273
2018	743,835,988	263,034,580	186,024,645	141,545,653
2019	741,181,339	276,595,354	198,990,531	146,914,997
2020	766,696,198	287,356,698	204,021,657	150,725,878
2021	772,270,929	290,860,495	204,021,414	138,636,389
2022	811,248,981	298,236,967	208,943,766	139,860,437

Source: Iowa Department of Management and Muscatine County Auditor.

Notes: Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year and are applied to the second fiscal year following the tax assessment year.

(a) Per \$1,000 of assessed value.

	Less Exemptions	Total Taxable Value - Actual	Total Direct Rate (a)
\$	2,593,658	\$ 1,198,423,692	15.35345
	2,499,042	1,217,631,483	15.27597
	2,409,452	1,223,640,122	15.42605
	2,346,484	1,241,224,899	15.80950
	2,248,328	1,293,304,565	15.53914
	2,198,324	1,332,242,542	14.91989
	2,106,264	1,361,575,957	14.82884
	2,005,716	1,406,794,715	13.83172
	1,918,672	1,403,870,555	13.51952
	1,808,058	1,456,482,093	13.52839

Schedule 10
Muscatine Community School District

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)
(Unaudited)

Fiscal Year Ended 30-Jun	District Direct Rates				Total
	General Purposes	Capital Purposes	Management Fund	Debt Service	
2013	13.19934	1.13000	1.02411	0.00000	15.35345
2014	13.62647	1.23000	0.41950	0.00000	15.27597
2015	13.14708	1.23000	1.04897	0.00000	15.42605
2016	13.32300	1.43000	1.05650	0.00000	15.80950
2017	13.09847	1.43000	1.01067	0.00000	15.53914
2018	12.21685	1.67000	1.03304	0.00000	14.91989
2019	11.97960	1.67000	1.17924	0.00000	14.82884
2020	11.01102	1.67000	1.15070	0.00000	13.83172
2021	10.73543	1.67000	1.11409	0.00000	13.51952
2022	11.14286	1.67000	0.71553	0.00000	13.52839

Source: Iowa Department of Management and Muscatine County Auditor.

Overlapping Rates			
City of Muscatine	Muscatine County	Community College	Other
15.67209	7.73335	0.91511	0.47754
15.67209	7.70380	0.92043	0.46972
15.67209	7.70380	0.92782	0.46646
15.67209	7.88491	0.96863	0.51081
15.67209	7.88396	1.00909	0.55054
15.67209	7.57719	1.03000	0.46629
15.67209	7.15000	1.03000	0.49942
15.67209	7.81123	0.99000	0.50555
15.67209	7.64393	0.82406	0.49479
15.67209	7.39481	0.92357	0.47934

**Schedule 11
Muscatine Community School District**

**Principal Property Tax Payers
Current Year and Nine Years Ago
(Unaudited)**

Name of Taxpayer	2022			2013		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Grain Processing Corp	\$ 51,060,884	1	3.47%	\$ 39,472,650	1	3.24%
HNI Corporation	42,683,992	2	2.90%	33,540,660	2	2.75%
Wal-View Developments	29,384,622	3	2.00%			
MLC Land Company LLC	18,697,176	4	1.27%			
Menard Inc	10,056,375	5	0.68%	9,704,700	5	0.80%
Heinz HJ Company LP	9,795,618	6	0.67%	11,932,400	3	0.98%
Sodarock Properties LLC	9,453,427	7	0.64%	7,915,050	7	0.65%
Wal-Mart Real Estate Business Trust	9,351,387	8	0.64%	10,202,870	4	0.84%
Muscatine Downtown Investors LLC	8,822,065	9	0.60%			
Bridgestone Bandag LLC	8,106,498	10	0.55%	8,552,610	6	0.70%
GRIDCO LLC				7,611,700	8	0.63%
Davenport Farm & Fleet Inc				7,003,000	9	0.58%
Cobblestone Apartments				6,789,960	10	0.56%
Total	<u>\$ 197,412,044</u>		<u>13.42%</u>	<u>\$ 142,725,600</u>		<u>11.72%</u>
Total Taxable Value	<u>\$ 1,470,923,950</u>			<u>\$ 1,217,631,483</u>		

Source: Muscatine County Auditor, State Auditor

Schedule 12
Muscatine Community School District

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy (1)		Amount	Percentage of Levy
2013	\$ 18,070,427	\$ 18,070,666	100.00%	\$ 4,198	\$ 18,074,864	100.02%
2014	18,279,641	18,271,673	99.96%	(4,221)	18,267,452	99.93%
2015	18,473,208	18,311,358	99.12%	14,607	18,325,965	99.20%
2016	18,880,738	19,109,115	101.21%	4,605	19,113,720	101.23%
2017	19,387,762	19,465,309	100.40%	2,272	19,467,581	100.41%
2018	19,123,994	19,195,625	100.37%	(1,616)	19,194,009	100.37%
2019	19,440,875	19,499,200	100.30%	12,333	19,511,533	100.36%
2020	18,626,628	18,572,495	99.71%	2,598	18,575,093	99.72%
2021	18,425,815	18,624,465	101.08%	137,451	18,761,916	101.82%
2022	19,129,318	19,183,779	100.28%	3,166	19,186,944	100.30%

Source: Iowa Department of Management, Muscatine County Auditor and School District financial records.

(1) The County is unable to provide the year to attribute to collections in subsequent years.

Schedule 13
Muscatine Community School District

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Obligation Bonds	(1) Note Payable	Leases	Less: Amounts Available in Debt Service Fund	Total	Percent of Actual Taxable Value of Property (a)	Per Capita (b)
2013	-	\$ 1,203,645	\$ -	\$ -	\$ 1,203,645	0.10%	\$ 53
2014	-	607,138	-	-	607,138	0.05%	25
2015	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-
2020	-	905,104	-	-	905,104	0.06%	38
2021	-	458,952	293,667	-	752,619	0.05%	32
2022	-	-	210,367	-	210,367	0.01%	n/a

Source: Iowa Department of Management, Muscatine County Auditor and School District financial records.

Notes: Details of the District's outstanding debt can be found in Note 5 in the notes to the financial statements.

(a) Actual taxable value of property includes Tax Increment Financing valuation. Assessed value equals estimated actual value. See Schedule 9 for actual taxable value of property.

(b) See Schedule 18 for population data.

(1) Notes payable and leases are paid from property taxes.

N/A = not available

**Schedule 14
Muscatine Community School District**

**Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	General Obligation Note	Revenue Bonds	(1) Leases	Note Payable	Total Primary Government	Percentage of Personal Income	Per Capita
2013	-	-	\$ -	\$ 1,203,645	\$ 1,203,645	0.12%	\$ 53
2014	-	-	-	607,138	607,138	0.06%	25
2015	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-
2020	-	-	-	905,104	905,104	0.08%	38
2021	-	-	293,667	458,952	752,619	0.06%	32
2022	-	-	210,367	-	210,367	N/A	N/A

Source: District financial records

N/A = not available.

(1) Notes payable and leases are paid from property taxes.

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**Schedule 15
Muscatine Community School District**

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2022
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Direct and Overlapping Debt
City of Muscatine	\$ 16,801,255	146.86%	\$ 24,674,323
Muscatine County	8,715,000	66.18%	5,767,587
Eastern Iowa Community College (EICC)	37,445,000	8.86%	3,317,627
Subtotal, overlapping debt			33,759,537
District direct debt			210,367
Total direct and overlapping debt			\$ 33,969,904

Source: Scott County Auditor.

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This statistical page estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

* The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value. (Calculated by dividing the amount of the value applicable to the District by the total value for that taxing authority; 2020 assessed values are used.)

**Schedule 16
Muscatine Community School District**

**Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)**

	2013	2014	2015	2016
Legal Debt Margin Calculation				
Assessed value	<u>\$ 1,198,423,692</u>	<u>\$ 1,217,631,483</u>	<u>\$ 1,223,640,122</u>	<u>\$ 1,241,224,899</u>
Debt limit (5% of assessed value)	59,921,185	60,881,574	61,182,006	62,061,245
Debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 59,921,185</u>	<u>\$ 60,881,574</u>	<u>\$ 61,182,006</u>	<u>\$ 62,061,245</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Source: Iowa Department of Management, Muscatine County Auditor's Office and School District financial records.

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	<u>\$ 1,470,923,950</u>
Debt limit (5% of assessed value)	\$ 73,546,198
Debt applicable to limit	210,367
Legal debt margin	<u>\$ 73,335,831</u>

2017	2018	2019	2020	2021	2022
<u>\$ 1,293,304,565</u>	<u>\$ 1,332,242,542</u>	<u>\$ 1,361,575,957</u>	<u>\$ 1,406,794,715</u>	<u>\$ 1,419,937,655</u>	<u>\$ 1,470,923,950</u>
64,665,228	66,612,127	68,078,798	70,339,736	70,996,883	73,546,198
-	-	-	-	293,667	210,367
<u>\$ 64,665,228</u>	<u>\$ 66,612,127</u>	<u>\$ 68,078,798</u>	<u>\$ 70,339,736</u>	<u>\$ 70,703,216</u>	<u>\$ 73,335,831</u>
0.00%	0.00%	0.00%	0.00%	0.42%	0.29%

Schedule 17
Muscatine Community School District

Pledged Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Revenue Bonds			Coverage
	Revenue	Debt Service		
		Principal	Interest	
2013	\$ 4,400,619	n/a	n/a	n/a
2014	4,650,907	n/a	n/a	n/a
2015	5,067,154	n/a	n/a	n/a
2016	5,087,694	n/a	n/a	n/a
2017	5,206,015	n/a	n/a	n/a
2018	4,633,834	n/a	n/a	n/a
2019	5,070,647	n/a	n/a	n/a
2020	5,072,669	n/a	n/a	n/a
2021	4,806,557	n/a	n/a	n/a
2022	5,665,028	n/a	n/a	n/a

Source: District financial records

Notes: Details regarding the District's outstanding debt can be found in Note 5 of the notes to the financial statements.

These bonds are backed by a one-cent statewide sales, service and use tax.

n/a = not applicable. No non-general obligation debt.

**Schedule 18
Muscatine Community School District**

**Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)**

Calendar Year	Population (a)	Personal Income (b)	Per Capita Personal Income	Muscatine County Area Unemployment Rate (c) *
2013	22,886	\$ 1,042,295,621	\$ 43,759	5.80%
2014	23,819	949,925,539	39,881	5.20%
2015	23,819	1,005,233,257	42,203	4.50%
2016	23,819	1,029,528,637	43,223	3.80%
2017	23,819	1,050,012,997	44,083	3.80%
2018	23,819	1,082,192,446	45,434	3.20%
2019	23,819	1,110,417,961	46,917	2.60%
2020	23,819	1,147,051,583	48,157	2.70%
2021	23,797	1,216,859,595	51,135	5.80%
2022	23,797	N/A	N/A	4.70%

Source:

- (a) United States Census Bureau. The 2012/2013 population increase reflects the added population from areas annexed into the City in 2012 and 2013. The 2020/2021 population is from the 2020 census.
- (b) Bureau of Economic Analysis. Per capita income for the City of Muscatine is not available. amounts shown are for Muscatine County and reflect average per capita income for the calendar years which end midway through the fiscal years shown. Personal income for the City has been estimated using the per capita income for Muscatine County multiplied by the City's population. Personal income information is not yet available for 2020.
- (c) Iowa Workforce Development

Notes: N/A = not available.

* Based on a ten-month period, January through October.

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**Schedule 19
Muscatine Community School District**

**Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

Employer	2022			2013		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
HNI Corporation/The HON Company Allsteel	3,400	1	15.6 %	3,400	1	15.1 %
Grain Processing/Kent Feeds	903	2	4.1 %	900	2	4.0 %
Muscatine Community School District	779	3	3.6 %	844	3	3.7 %
Bayer U.S. - Crop Science	463	4	2.1 %	395	6	1.8 %
Raymond-Muscatine, Inc.	450	5	2.1 %	265	12	1.2 %
Musco Sports Lighting	404	6	1.9 %	400	5	1.8 %
Hy-Vee Food Store	395	7	1.8 %	358	7	1.6 %
Trinity Muscatine	365	8	1.7 %	534	4	2.4 %
Kraft-Heinz, U.S.A.	331	9	1.5 %	295	9	1.3 %
Wal-Mart Superstore	320	10	1.5 %	337	8	1.5 %
Muscatine Power & Water	265	11	1.2 %	285	10	1.3 %
City of Muscatine	234	12	1.1 %	225	13	1.0 %
Muscatine County	213	13	1.0 %	203	14	0.9 %
SECO Invetment Co.	190	14	0.9 %	265	11	1.2 %
Bridgestone Bandag LLC	140	15	0.6 %	200	15	0.9 %
Total for Scott County	8,852		40.70 %	8,906		39.70 %

Source: Bi-State Regional Commission and Iowa Workforce Development Website / Labor Force

**Schedule 20
Muscatine Community School District**

**Full-Time Equivalent District Employees By Type
Last Ten Fiscal Years
(Unaudited)**

	2013	2014	2015	2016
<u>Supervisory:</u>				
Superintendent	n/a	n/a	n/a	1.0
Assistant Superintendent	n/a	n/a	n/a	1.0
Principals	n/a	n/a	n/a	12.0
Assistant Principals	n/a	n/a	n/a	6.0
Directors	n/a	n/a	n/a	4.0
All Other Administrators/Supervisors	n/a	n/a	n/a	6.0
Total Supervisory	-	-	-	30.0
<u>Instruction:</u>				
Regular Program Teachers	n/a	n/a	n/a	340.0
Special Education Teachers	n/a	n/a	n/a	60.0
Instructional Coaches/PD Leads	n/a	n/a	n/a	15.0
Total Instruction	-	-	-	415.0
<u>Student services:</u>				
Guidance Counselors	n/a	n/a	n/a	12.0
Media Specialists/Librarians	n/a	n/a	n/a	5.0
Nurses	n/a	n/a	n/a	8.0
Other Student Support	n/a	n/a	n/a	4.0
Total Student Services	-	-	-	29.0
<u>Support and administration:</u>				
Office/Classified Professionals	n/a	n/a	n/a	17.0
Secretary/Clerical/Associates/ Paraprofessional	n/a	n/a	n/a	139.9
Custodial	n/a	n/a	n/a	37.9
Maintenance/Mechanics	n/a	n/a	n/a	10.0
Transportation	n/a	n/a	n/a	15.0
Food Service Workers	n/a	n/a	n/a	37.7
Food Service Support	n/a	n/a	n/a	4.0
All Other Support	n/a	n/a	n/a	1.0
Total Support and Administration	-	-	-	262.5
Total	-	-	-	736.5

Source: District financial records

Note: Information prior to 2016 is not available (n/a)

2017	2018	2019	2020	2021	2022	Percentage Change 2016 - 2022
1.0	1.0	1.0	1.0	1.0	1.0	0.00%
1.0	1.0	1.0	1.0	-	-	-100.00%
11.0	10.0	10.0	12.0	10.0	9.0	-25.00%
7.0	6.0	6.0	5.0	4.0	6.0	0.00%
4.0	4.0	5.0	5.0	7.0	8.0	100.00%
6.0	6.0	6.0	6.0	6.0	4.0	-33.33%
30.0	28.0	29.0	30.0	28.0	28.0	-6.67%
333.2	319.1	305.3	306.8	298.8	276.0	-18.84%
73.2	68.5	61.5	67.7	60.2	62.0	3.33%
13.5	19.0	20.0	14.8	13.0	16.0	6.67%
419.9	406.6	386.8	389.2	372.0	354.0	-14.71%
10.0	11.5	16.5	13.5	15.0	14.3	19.17%
3.7	4.0	5.0	4.0	4.0	5.0	0.00%
6.5	7.0	7.0	7.0	7.0	7.0	-12.50%
6.0	3.0	4.0	4.0	4.0	10.0	150.00%
26.1	25.5	32.5	28.5	30.0	36.3	25.17%
19.0	21.0	17.0	17.0	15.0	14.0	-17.65%
146.8	144.6	152.2	163.1	142.5	143.3	2.45%
31.3	33.9	33.1	32.7	34.0	34.0	-10.31%
11.0	11.0	10.0	13.0	12.0	13.0	30.00%
14.0	13.0	13.0	12.3	12.5	12.5	-16.67%
37.3	35.5	35.0	41.2	36.9	39.4	4.48%
4.0	4.0	4.0	4.0	4.0	5.0	25.00%
1.0	1.0	3.0	3.0	3.0	3.0	200.00%
264.5	263.9	267.3	286.2	259.9	264.2	0.65%
740.5	724.0	715.6	733.9	689.9	682.4	-7.34%

**Schedule 21
Muscatine Community School District**

**Operating Statistics
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Certified Enrollment	(1) Operating Expenditures	Cost Per Pupil	Percentage Change	Governmental Expenditures
2013	5,304.6	\$ 51,395,946	\$ 9,689	1.51%	\$ 61,807,944
2014	5,299.5	52,458,216	9,899	2.17%	60,915,332
2015	5,344.4	53,627,898	10,034	1.37%	66,470,081
2016	5,328.4	54,828,103	10,290	2.55%	59,880,490
2017	5,170.0	55,813,833	10,796	4.92%	62,795,322
2018	5,084.2	55,993,274	11,013	2.01%	62,424,549
2019	4,935.8	56,860,292	11,520	4.60%	65,731,847
2020	4,894.0	56,564,823	11,558	0.33%	76,295,157
2021	4,811.8	59,227,769	12,309	6.50%	61,746,131
2022	4,690.0	60,444,144	12,888	4.70%	64,934,101

Source: Nonfinancial information from District records. District financial records.

(1) Operating expenditures are total governmental expenditures less debt service and capital outlay.

Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced Price Meals
\$ 11,652	2.13%	406	7.66%	54.36% FY13
11,495	-1.35%	400	7.55%	54.24% FY14
12,437	8.20%	413	7.73%	53.64% FY15
11,238	-9.64%	440	8.26%	53.35% FY16
12,146	8.08%	440	8.51%	52.52% FY17
12,278	1.09%	429	8.44%	53.05% FY18
13,317	8.46%	415	8.41%	55.01% FY19
15,589	17.06%	414	8.45%	53.24% FY20
12,832	-17.69%	398	8.27%	50.18% FY21
13,845	7.90%	383	8.17%	52.20% FY22

Schedule 22
Muscatine Community School District

School Building Information
Last Ten Fiscal Years
(Unaudited)

School	2013	2014	2015	2016
Muskie ELC (1962)				
Square feet, 1962, 78, 01	29,438	29,438	29,438	29,438
Capacity*	260	260	260	260
Enrollment	303	303	283	261
Franklin Elementary (1954)				
Square feet, 1954, 12	35,557	35,557	35,557	35,557
Capacity*	300	300	300	300
Enrollment	290	323	309	293
Grant Elementary (1954)				
Square feet, 1954, 71, 01, 09	37,233	37,233	37,233	37,233
Capacity*	300	300	300	300
Enrollment	310	315	318	341
Jefferson Elementary (1928) (2015)				
Square feet, 2015	53,226	53,226	66,000	66,000
Capacity*	n/a	n/a	450	450
Enrollment	378	364	344	362
Madison Elementary (1954)				
Square feet, 1954, 65, 69, 02, 08-09, 11	43,229	43,229	43,229	43,229
Capacity*	450	450	450	450
Enrollment	295	286	308	290
McKinley Elementary (1960)				
Square feet, 1960, 65, 67, 00, 08, 19	50,832	50,832	50,832	50,832
Capacity*	n/a	n/a	n/a	n/a
Enrollment	311	340	325	320
Mulberry Elementary (1961)				
Square feet, 1965, 77, 00, 10	38,300	38,300	38,300	38,300
Capacity*	300	300	300	300
Enrollment	274	269	297	290
Washington Elementary				
Square feet	48,870	48,870	48,870	48,870
Capacity*	n/a	n/a	n/a	n/a
Enrollment	354	356	322	277
Central Middle School (1938)				
Square feet, 1938, 91, 07	132,223	132,223	132,223	132,223
Capacity*	n/a	n/a	n/a	n/a
Enrollment	577	580	584	556
Susan Clark JH (West MS) (1960)				
Square feet, 1960, 66, 71, 88, 06	109,873	109,873	109,873	109,873
Capacity*	770	770	770	770
Enrollment	650	638	623	622
Muscatine High School (1973)				
Square feet, 1973, 82, 96, 04, 13, 19	325,969	325,969	325,969	325,969
Capacity*	1,750	1,750	1,750	1,750
Enrollment	1,549	1,544	1,557	1,453

Source: District records.

Notes: * Capacity calculation is number of possible classrooms times maximum of 25 students each
 * Elementary Buildings were PK-5 or K-5 through 2017; K-6 beginning in 2018
 * Muskie ELC was Colorado Elementary through 2017; Preschool/PK beginning in 2018
 * Two Middle Schools were 6-8 through 2019; 7-8 in 2020

Fiscal Year					
2017	2018	2019	2020	2021	2022
29,438	29,438	29,438	29,438	29,438	29,438
260	260	260	260	260	260
262	244	229	217	212	244
35,557	35,557	35,557	35,557	35,557	35,557
300	300	300	300	300	300
298	295	309	317	260	239
37,233	37,233	37,233	37,233	37,233	37,233
300	300	300	300	300	300
368	362	324	363	326	326
66,000	66,000	66,000	66,000	66,000	66,000
450	450	450	450	450	450
440	447	478	497	455	447
43,229	43,229	43,229	43,229	43,229	43,229
450	450	450	450	450	450
293	257	250	462	428	427
50,832	50,832	61,300	61,300	61,300	61,300
n/a	n/a	450	450	450	450
413	424	415	471	470	484
38,300	38,300	38,300	38,300	38,300	38,300
300	300	300	300	300	300
304	250	254	299	292	266
CLOSED	CLOSED	CLOSED	CLOSED	CLOSED	CLOSED
132,223	132,223	132,223	132,223	CLOSED	CLOSED
n/a	n/a	n/a	n/a		
563	574	602	390		
109,873	109,873	109,873	109,873	109,873	109,873
770	770	770	770	770	770
582	547	520	364	740	742
325,969	325,969	325,969	359,969	359,969	359,969
1,750	1,750	1,750	1,750	1,750	1,750
1,459	1,495	1,476	1,456	1,491	1,485

**Schedule 23
Muscatine Community School District**

**Certified Staff Salaries
Last Ten Fiscal Years
(Unaudited)**

School Year	Mimimum	Maximum	Average
2012-2013	n/a	n/a	n/a
2013-2014	n/a	n/a	n/a
2014-2015	\$ 36,393	\$ 73,677	\$ 51,211
2015-2016	36,876	75,096	52,480
2016-2017	36,981	75,418	52,800
2017-2018	37,297	75,990	52,708
2018-2019	37,307	76,003	54,020
2019-2020	37,300	75,993	54,207
2020-2021	38,036	77,400	55,713
2021-2022	38,549	78,350	56,767

Source: District personnel records.
Note: n/a = not available

Compliance

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Muscatine 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
Indirect:				
U.S. Department of Agriculture:				
Pass-Through Iowa Department of Education:				
<i>Child Nutrition Cluster Program:</i>				
School Breakfast Program	10.553	FY22 4552	\$ -	\$ 775,832
National School Lunch Program	10.555	FY22 4553	-	2,459,658
COVID-19 National School Lunch Program	10.555	FY22 4553	-	132,639
Commodities -DOD (Noncash)	10.555	FY22	-	155,482
Commodities (Noncash)	10.555	FY22	-	108,744
			-	2,856,523
Summer Food Service Program for Children	10.559	FY22 4556	-	183,019
Fresh Fruit and Vegetable Program	10.582	FY22 4557	-	91,913
Total Child Nutrition Cluster, U.S. Department of Agriculture			-	3,907,287
U.S. Department of Education:				
Pass-Through Iowa Department of Education:				
Title I Grants to Local Education Agencies	84.010	FY22 4501	-	878,653
<i>Special Education IDEA Cluster,</i>				
Special Education - Grants to States (IDEA, Part B)	84.027	FY22 4625	-	195,780 (1)
Career and Technical Education - Basic Grants to States	84.048	FY22 4531	-	61,020
Supporting Effective Instruction State Grants	84.367	FY22 4643	-	151,459
Student Support and Academic Enrichment	84.424	FY22 4669	-	72,277
Education Stabilization Fund:				
COVID-19 Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	FY22 4055	-	2,786,050
COVID-19 ARP- Elementary and Secondary School Emergency Relief (ARP-ESSER) Fund	84.425U	FY22 4043	-	362,834
COVID-19 ARP- Elementary and Secondary School Emergency Relief (ARP-ESSER) Fund	84.425U	FY22 4045	-	344,480
			-	707,314
Total Education Stabilization Fund			-	3,493,364
Pass-Through Mississippi Bend Area Education Agency:				
<i>Special Education IDEA Cluster,</i>				
Special Education - Grants to States (IDEA, Part B)	84.027	FY22 4521-4720	-	230,605 (1)
COVID-19 ARP- Special Education- Grants to States IDEA, Part B	84.027X	FY22 4031-4720	-	35,577 (1)
			-	266,182
Title III English Language Acquisition State Grants	84.365	FY22 4644-4720	-	2,244
Total U.S. Department of Education			-	5,120,979
U.S. Department of Health and Human Services				
Pass-Through Iowa Department of Education:				
Developmental Disabilities Projects of National Significance	93.658	FY22 4623	-	379
Total Expenditures of Federal Awards			\$ -	\$ 9,028,645

(1) Total federal assistance listing number 84.027 and 84.027X \$461,962

See notes to schedule of expenditures of federal awards.

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Muscatine 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 (the “schedule”) includes the federal grant activity of Muscatine 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 the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2. 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 the 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 its 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 minimis indirect cost rate allowed under the Uniform Guidance.

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Muscatine Community School District
2900 Mulberry Ave
Muscatine, Iowa 52761

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Muscatine Community School District

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

Findings	Status	Reason for Recurrence and Corrective Action Plan or Other Explanation
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Other Findings Related to Required Statutory Reporting:

IV-H-21	There were variances in certified enrollment.	Not corrected.	Student data changes are not timely communicated. See IV-H-22
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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
Muscatine Community School District
Muscatine, 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 Muscatine 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 January 10, 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 Muscatine 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

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

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
January 10, 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
Muscatine Community School District
Muscatine, Iowa

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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
January 10, 2023

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Muscatine 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:

CFDA Number	Name of Federal Program or Cluster
Education Stabilization Fund:	
84.425D	COVID-19 Elementary and Secondary School Emergency Relief (ESSER II) Fund
84.425U	COVID-19 ARP- Elementary and Secondary School Emergency Relief (ARP-ESSER) Fund

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

Auditee qualified as low-risk auditee? Yes No

(Continued)

Muscatine 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:

No matters were reported.

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 were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

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:

Name	Position	Vendor	Relationship	Amount
Ken LaRue	School Board	Non-Emergency Medical Transport	Owner	\$ 10,490
Brian Mathis	Teacher	Surface Cure	Owner	7,280

In accordance with the Attorney General’s opinion dated November 9, 1976, the transactions do 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.

(Continued)

Muscatine Community School District

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

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 insure that the coverage is adequate for current operations.

IV-G-22

Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-H-22

Certified Enrollment-

Finding: There were variances to the October 2021 certified enrollment submitted to the Iowa Department of Education.

Recommendation: We recommend the District review and verify enrollment data before the October 1st process.

Response and Corrective Action Plan: The District will review enrollment data prior to submission to ensure accuracy of the information certified to the Department of Education.

Conclusion: Response accepted.

IV-I-22

Supplementary Weighting – There were no variances to the October 2021 supplementary weighting data submitted to the Department of Education.

IV-J-22

Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

IV-K-22

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

IV-L-22

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

(Continued)

Muscatine 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	\$	5,414,312
Revenue / transfers in:		
Statewide sales and services tax revenue		5,665,028
Interest and other		7,677
Expenditures/transfers out:		
School infrastructure:		
Buildings		835,847
Ending balance	\$	<u>10,251,170</u>

For the year ended June 30, 2022, the District reduced the tax levy as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa as follows:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 3.99000	\$ 5,665,028



Muscatine Community School District
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 Muscatine, Iowa 52761

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 (563) 263-7223

Muscatine Community School District

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

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
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Other Findings Related to Required Statutory Reporting:

IV-H-22	There were variances in certified enrollment.	See response and corrective action plan at IV-H-22	Fiscal Year 2023	Scott Comstock
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