HOWARD-WINNESHIEK
COMMUNITY SCHOOL DISTRICT
CRESCO, IOWA

FINANCIAL REPORT

JUNE 30, 2025

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HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION AND SCHOOL OFFICIALS

Name	Title	District	Term Expires
Board of Education			
Alison Holten	President	District 1	2025
Shirley Sovereign	Vice-President	Director at Large	2027
Andy Ludeking	Board Member	District 2	2027
Stacy Dohlman	Board Member	District 3	2027
Tom Williams	Board Member	District 4	2025
School Officials			
Kris Einck	Superintendent		
Robyn Lane	Business Manager and District Secretary/Treasurer		

INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS

To the Board of Education
Howard-Winneshiek Community School District
Cresco, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Howard-Winneshiek Community School District, as of and for the year ended June 30, 2025, 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 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 Howard-Winneshiek Community School District as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Howard-Winneshiek 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 21 to the financial statements, Howard-Winneshiek Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Also discussed in Note 21 to the financial statements, Howard-Winneshiek Community School District corrected the fund from which capital assets were purchased for the school nutrition program and corrected the recording of pledges receivable. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 Howard-Winneshiek Community School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Howard-Winneshiek 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 the Howard-Winneshiek 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

U.S. generally accepted accounting principles require that the management's discussion and analysis, the budgetary comparison information, the schedule of the District's proportionate share of the net pension liability, the schedule of District contributions and the schedule of changes in the District's total OPEB liability, related ratios and notes on pages 5 through 5g and pages 43 through 48 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Howard-Winneshiek Community School District's June 30, 2025 basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the years ended June 30, 2018 through 2024 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The supplementary information shown on Schedules 1 through 6, including the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 U.S. generally accepted auditing standards. In our opinion, the supplementary information shown on Schedules 1 through 6, including the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the years ended June 30, 2018 through 2025 basic financial statements as a whole.

The financial statements of Howard-Winneshiek Community School District for the years ended June 30, 2016 and 2017 were audited by other auditors who expressed unmodified opinions on those statements. Their reports on the information presented on page 52 related to the 2016 and 2017 financial statements stated that, in their opinion, such information was fairly stated in all material respects in relation to the 2016 and 2017 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2026, on our consideration of the Howard-Winneshiek 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 Howard-Winneshiek 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 Howard-Winneshiek Community School District's internal control over financial reporting and compliance.

Hacker, Nelson + Co., CPAs

Decorah, Iowa
February 3, 2026

Management of the Howard-Winneshiek 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, 2025.

The intent of this discussion and analysis is to look at Howard-Winneshiek Community School District's financial performance as a whole with comparisons to the previous fiscal year activities. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

2025 FINANCIAL HIGHLIGHTS

The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 101, *Compensated Absences*, during fiscal year 2025. The implementation of this standard revised the recognition and measurement criteria for compensated absences, requiring liabilities to be recorded when leave is earned rather than when it becomes payable. This restatement resulted in an increase to the beginning compensated absences liability and a corresponding decrease to beginning net position in the government-wide and proprietary fund financial statements.

In total, net position increased by $322,440. Net position in governmental activities increased $545,548. Net position in the business-type activities, which represents the District's food service operations decreased $223,108.

General fund revenues (which include the instructional support fund) accounted for $16,204,793 in revenue or 77.2% of all governmental revenues. General fund expenditures (which include the instructional support fund) accounted for $17,804,431 in expenditures or 82.1% of all governmental expenditures.

USING THIS ANNUAL REPORT

These statements are organized so the reader can understand Howard-Winneshiek Community School District as a financial whole or as an entire operating entity. The annual report consists of a series of financial statements, notes to those 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 Howard-Winneshiek Community School District as a whole and present an overall view of the District's finances.

The fund financial statements tell how governmental and business-type activities services were financed in the short term as well as what remains for future spending. Fund financial statements report Howard-Winneshiek Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds with all other nonmajor funds presented in total in a single column. The remaining financial statements provide information about activities for which Howard-Winneshiek Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the schedule of changes in the District's total OPEB liability, related ratios and notes.

Other supplementary information provides detailed information about the nonmajor funds and compares governmental fund activity to prior years. In addition, the schedule of expenditures of federal awards provides details of various federal programs benefiting the District.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Some funds are required by state law and by bond covenants. The District uses different funds in accordance with the Uniform Financial Accounting for Iowa LEA's, as required by the Iowa Department of Education, to record its financial transactions. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show it is properly using certain revenues, such as federal grants.

However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds for fiscal year 2025 are the general fund, the management levy-special revenue fund, the physical plant and equipment levy-capital projects fund, and the statewide sales, services and use tax-capital projects fund.

Fund Financial Statements (Continued)

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. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.**

   The District's governmental funds include the general fund, the special revenue funds, the debt service fund, and the capital projects funds.

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

2) **Proprietary funds: services for which the District charges a fee are generally reported in the proprietary funds and are reported in the same way as the government-wide financial statements. The District's enterprise fund, one type of proprietary fund, is the same as its business-type activities but provides more detail and additional information, such as cash flows. The District's major proprietary fund is the school nutrition fund. The District's internal service fund, another type of proprietary fund, is the same as the governmental activities, but provides more detail and additional information such as cash flows. The District currently has one internal service fund accounting for the District's flex benefit plan.**

   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 fund*:* the District is the trustee, or fiduciary, for assets that belong to others. The District's fiduciary fund is as follows:**

   - **Custodial fund: this is a fund through which the District administers and accounts for certain monies as a fiscal agent.**

   The District is responsible for ensuring the assets reported in the fiduciary fund is used only for its intended purpose 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 the fiduciary fund include a statement of fiduciary net position and the statement of changes in fiduciary net position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The District's net position at the end of fiscal year 2025 for governmental activities was $20,184,947 and for business-type activities was $325,057. The following is a summary perspective of the statement of net position of the District for the fiscal years ended June 30, 2025 and 2024.

Condensed Statement of Net Position
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024*	2025	2024*	2025	2024*
Current and other assets	$ 21,094	$ 21,690	$ 334	$ 464	$ 21,428	$ 22,154
Capital assets	21,925	22,168	285	359	22,210	22,527
Total assets	43,019	43,858	619	823	43,638	44,681
Deferred outflows of resources	1,400	1,912	49	29	1,449	1,941
Current liabilities	3,992	3,839	128	115	4,120	3,954
Noncurrent liabilities	11,038	11,244	27	25	11,065	11,269
Total liabilities	15,030	15,083	155	140	15,185	15,223
Deferred inflows of resources	9,204	9,161	188	165	9,392	9,326
Net position:						
Net investment in capital assets	16,350	15,615	285	359	16,635	15,974
Restricted	8,878	7,914			8,878	7,914
Unrestricted (deficit)	(5,043)	(2,003)	40	188	(5,003)	(1,815)
Total net position	$ 20,185	$ 21,526	$ 325	$ 547	$ 20,510	$ 22,073

*** Not restated**

The District's total net position increased 1.60% or approximately $322,000 from the restated prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, buildings, equipment and right-to-use equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately $964,000 or 12.2%, over the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased. The decrease resulted from the implementation of GASBS No. 101 and the increases in the other net position categories.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

As shown below, the following analysis shows the change in net position for the years ended June 30, 2025 and 2024.

Changes in Net Position
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024*	2025	2024*	2025	2024*
REVENUES						
Program revenue:						
Charges for service	$ 803	$ 770	$ 298	$ 320	$ 1,101	$ 1,090
Operating grants	3,476	3,319	535	566	4,011	3,885
Capital contributions	79	395			79	395
General revenue:						
Property taxes	8,401	8,166			8,401	8,166
Sales tax and surtax	1,501	1,517			1,501	1,517
Unrestricted state grants	6,144	5,906			6,144	5,906
American Rescue Plan Act		117			-	117
Unrestricted investment earnings	517	597	12	24	529	621
Gain (loss) on disposal of capital assets	25	8	(4)		21	8
Other revenue	92	96			92	96
Total revenues	21,038	20,891	841	910	21,879	21,801
PROGRAM EXPENSES						
Instruction	12,793	11,388			12,793	11,388
Student support	5,750	5,813			5,750	5,813
Non-instructional programs	51	34	1,026	1,005	1,077	1,039
Other expenses	1,936	1,625			1,936	1,625
Total expenses	20,530	18,860	1,026	1,005	21,556	19,865
Transfers	38	30	(38)	(30)	-	-
Change in net position	546	2,061	(223)	(125)	323	1,936
NET POSITION, beginning of year, as restated	19,639	19,465	548	672	20,187	20,137
NET POSITION, end of year	$ 20,185	$ 21,526	$ 325	$ 547	$ 20,510	$ 22,073

* Not restated

In fiscal year 2025, property tax and unrestricted state grants accounted for 69.1% of governmental activities revenues while charges for service and operating grants accounted for 99.0% of business-type activities.

The District's total revenues were approximately $21.9 million, of which approximately $21.0 million was for governmental activities and approximately $841,000 was for business-type activities.

INDIVIDUAL FUND ANALYSIS

The Howard-Winneshiek Community School District uses fund accounting on the modified accrual basis of accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds Highlights

As the District completed the year, its governmental funds reported a fund balance of $9,780,173, a $575,869 decrease from the restated prior year end balance of $10,356,042.

- **The general fund revenues decreased during fiscal year 2025 for federal sources while expenditures increased over all function areas due to an increase in salaries. The ending fund balance showed a decrease of $1,575,536 from the prior year.**

- **The management levy generated less revenue during fiscal year 2025 from local property taxes. The management levy fund expenditures increased due to an increase in payments for termination benefits. The ending fund balance showed an increase of $935,807 from prior year.**

- **The physical plant and equipment levy generated more revenue during fiscal year 2025 from local property taxes. Expenditures decreased in support services. The ending fund balance showed an increase of $110,819 from the restated prior year.**

- **The statewide sales, services and use tax generated less revenue during fiscal year 2025 due to a decrease in donations received. Expenditures decreased during the fiscal year in facilities acquisition. The ending fund balance showed a decrease of $47,396 from the restated prior year.**

Proprietary Funds Highlights

The school nutrition fund restated net position decreased from $548,165 at June 30, 2024 to $325,057 at June 30, 2025, representing a decrease of approximately 40.7%. The decrease is mainly due to the District receiving less funding through federal and local sources for meals.

BUDGETARY HIGHLIGHTS

The District's Board of Education annually adopts a budget as required by Iowa law. Proper public notice and a required public hearing are held before final approval of the budget. State statute requires approval of the budget on or before April 15 of each year. The budget document presents functional expenditures by fund and the legal level of control is at the expense level by total instruction, total support services, total non-instructional programs, total other expenditures, and total expenditures. The District amends the budget, as allowed by Iowa law, generally once per year to reflect the additional revenues and expenditures that may occur during the school year. Over the course of the year, the District adopted one budget amendment to reflect additional expenditures throughout the District.

The District's total revenues were $507,940 more than total budgeted revenues, a variance of 2.38%.

Total expenditures were less than budgeted, due to the District's budget for the general fund. It is the District's practice to budget expenditures within the authorized spending authority for the general fund. The District then manages or controls general fund and other fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year. In spite of the District's budgetary practice, expenditures in the instruction function exceeded the certified budget amount.

BUDGETARY HIGHLIGHTS (Continued)

The following chart shows the original and final budget for fiscal year 2025 as well as the actual revenues and expenditures for the year:

Budgetary Comparison Schedule
(Expressed in Thousands)

	Actual Basis	Budgeted Amounts Original	Final	Variance
Revenues:				
Local sources	$ 10,183	$ 9,866	$ 9,866	$ 317
State sources	10,374	10,035	10,035	339
Federal sources	1,273	1,421	1,421	(148)
Total revenues	$ 21,830	$ 21,322	$ 21,322	$ 508
Expenditures/Expenses:				
Instruction	$ 12,916	$ 12,223	$ 12,723	$ (193)
Support services	5,820	6,056	6,306	486
Non-instructional programs	1,037	1,334	1,334	297
Other expenditures	2,933	3,903	3,903	970
Total expenditures/expenses	$ 22,706	$ 23,516	$ 24,266	$ 1,560

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2025, Howard-Winneshiek Community School District had $21,925,013 invested in a broad range of capital assets, including buildings, land and equipment for the governmental activities. For the enterprise funds, the District had $284,791 invested in equipment in the school nutrition fund.

The District's governmental activities had depreciation/amortization expense of $1,369,468 for fiscal year 2025 and total accumulated depreciation/amortization of $16,662,026 as of June 30, 2025. More detailed information about the District's capital assets is presented in Note 7 to the financial statements.

Debt

At year-end, the District had tax revenue bonds outstanding. Other obligations include compensated absences, right-to-use agreements, equipment purchase agreements, and termination benefits. More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

Current Issues

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

- Declining enrollment has been a challenge for the District. Howard-Winneshiek Community School District is one of the many school districts in the state experiencing a decline in enrollment. Providing students with a 21st century learning experience, nationally recognized for being progressive and innovative, along with actively partnering with locally elected government officials, business and industry, the intent is that these actions will recruit and retain families to the region. It is important to note that the certified enrollment has been declining since 2015 with the exception of 2019, 2022 and 2025.

- Utilizing Secure an Advanced Vision for Education (SAVE) and Property Plant and Equipment Levy (PPEL) funding, the District is continuously upgrading the physical plant to provide a quality learning experience for students. It is recognized that the physical plant is a contributing factor for families choosing to have their students attend Howard-Winneshiek Community School District.

This financial report is designed to provide the District's citizens, taxpayers, customers, and creditors with a general overview of Howard-Winneshiek Community School 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, please contact Ms. Robyn Lane, Business Manager and District Secretary/Treasurer, Howard-Winneshiek Community School District, 1000 Schroder Drive, Cresco, Iowa, 52136.

EXHIBIT A

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	$ 11,392,070	$ 200,926	$ 11,592,996
Receivables:			
Property tax:			
Delinquent	48,736		48,736
Succeeding year	8,201,101		8,201,101
Accounts	87,186	20,285	107,471
Prepaid expenses	74,681	2,235	76,916
Due from other governments	1,063,173	33,738	1,096,911
Lease receivable, current portion	28,943		28,943
Pledges receivable, less allowance for uncollectible pledges, net of discount, current portion	54,233		54,233
Inventories	1,448	20,143	21,591
Lease receivable, less current portion	29,543		29,543
Pledges receivable, less allowance for uncollectible pledges, net of discount, less current portion	112,664		112,664
Net pension asset		57,231	57,231
Capital assets, non-depreciable	1,452,037		1,452,037
Capital assets, net of accumulated depreciation/amortization	20,472,976	284,791	20,757,767
Total assets	43,018,791	619,349	43,638,140
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	1,292,231	44,092	1,336,323
OPEB related deferred outflows	108,281	4,626	112,907
Total deferred outflows of resources	1,400,512	48,718	1,449,230
Total assets and deferred outflows of resources	$ 44,419,303	$ 668,067	$ 45,087,370
LIABILITIES			
Accounts payable	$ 816,260	$ 3,561	$ 819,821
Salaries and benefits payable	1,653,239	67,425	1,720,664
Interfund (receivable) payable	(39,106)	39,106	-
Unearned revenues		14,638	14,638
Accrued interest payable	13,815		13,815
Long-term liabilities:			
Portion due within one year:			
Tax revenue bonds	910,000		910,000
Right-to-use agreements	16,945		16,945
Equipment purchase agreements	130,796		130,796
Compensated absences	233,976	3,235	237,211
Termination benefits	256,242		256,242
Portion due after one year:			
Tax revenue bonds	4,364,000		4,364,000
Right-to-use agreements	59,924		59,924
Equipment purchase agreements	93,659		93,659
Compensated absences	1,530,642		1,530,642
Termination benefits	268,452		268,452
Net pension liability	3,706,289		3,706,289
Total OPEB liability	1,015,511	26,930	1,042,441
Total liabilities	15,030,644	154,895	15,185,539
DEFERRED INFLOWS OF RESOURCES			
Lease related	58,486		58,486
Pledge receivable related	112,664		112,664
Succeeding year property tax	8,201,101		8,201,101
Pension related deferred inflows	79,574	177,719	257,293
OPEB related deferred outflows	244,685	10,396	255,081
Other	507,202		507,202
Total deferred inflows of resources	9,203,712	188,115	9,391,827
NET POSITION			
Net investment in capital assets	16,349,689	284,791	16,634,480
Restricted for:			
School infrastructure	3,165,164		3,165,164
Management levy purposes	3,715,728		3,715,728
Student activities	212,728		212,728
Physical plant and equipment	697,041		697,041
Categorical funding	1,087,540		1,087,540
Unrestricted (deficit)	(5,042,943)	40,266	(5,002,677)
Total net position	20,184,947	325,057	20,510,004
Total liabilities, deferred inflows of resources and net position	$ 44,419,303	$ 668,067	$ 45,087,370

See Notes to Financial Statements.

EXHIBIT B

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Functions and Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Program Revenues: Capital Grants, Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
GOVERNMENTAL ACTIVITIES							
Instruction:							
Regular	$ 7,426,781	$ 243,615	$ 2,127,115		$ (5,056,051)		$ (5,056,051)
Special	3,131,404	41,289	835,955		(2,254,160)		(2,254,160)
Other	2,234,457	281,222	9,621		(1,943,614)		(1,943,614)
	12,792,642	566,126	2,972,691	$ -	(9,253,825)	$ -	(9,253,825)
Support services:							
Student	475,830	19,450			(456,380)		(456,380)
Instructional staff	653,449				(653,449)		(653,449)
Administration	1,954,962	202,205			(1,752,757)		(1,752,757)
Operation and maintenance plant	1,657,385				(1,657,385)		(1,657,385)
Transportation	1,008,586	15,608			(992,978)		(992,978)
	5,750,212	237,263	-	-	(5,512,949)	-	(5,512,949)
Non-instructional	51,244	-	-	-	(51,244)	-	(51,244)
Other:							
Long-term debt interest	157,997				(157,997)		(157,997)
Facilities acquisition	472,367			79,311	(393,056)		(393,056)
AEA flowthrough	502,924		502,924		-		-
Depreciation/amortization (unallocated)*	802,562				(802,562)		(802,562)
	1,935,850	-	502,924	79,311	(1,353,615)	-	(1,353,615)
Total governmental activities	20,529,948	803,389	3,475,615	79,311	(16,171,633)	-	(16,171,633)
BUSINESS-TYPE ACTIVITIES							
Non-instructional programs: nutrition services	1,025,891	298,160	534,629	-	-	(193,102)	(193,102)
Total	$ 21,555,839	$ 1,101,549	$ 4,010,244	$ 79,311	(16,171,633)	(193,102)	(16,364,735)
GENERAL REVENUES							
Property taxes levied for:							
General purposes					5,842,715		5,842,715
Management levy purposes					1,470,670		1,470,670
Physical plant and equipment					1,086,049		1,086,049
Statewide sales, services and use tax					1,501,255		1,501,255
Unrestricted state grants					6,143,986		6,143,986
Unrestricted investment earnings					517,005	12,837	529,842
Gain (loss) on disposal of capital assets					24,860	(4,451)	20,409
Transfers					38,392	(38,392)	-
Other					92,249		92,249
Total general revenues					16,717,181	(30,006)	16,687,175
Change in net position					545,548	(223,108)	322,440
NET POSITION, beginning of year, as restated					19,639,399	548,165	20,187,564
NET POSITION, end of year					$ 20,184,947	$ 325,057	$ 20,510,004

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

See Notes to Financial Statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	General	Special Revenue Fund Management Levy	Capital Projects Funds Physical Plant and Equipment Levy	Capital Projects Funds Statewide Sales, Services and Use Tax	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and pooled investments	$ 3,660,190	$ 3,701,549	$ 635,710	$ 3,179,988	$ 207,361	$ 11,384,798
Receivables:						
Property tax:						
Delinquent	34,507	9,092	5,137			48,736
Succeeding year	6,464,794	845,408	890,899			8,201,101
Accounts	53,486	5,084	7,350	7,542	13,724	87,186
Due from other funds	42,619					42,619
Due from other governments	652,120	13	253,608	157,432		1,063,173
Prepaid expenses	16,967		57,354		360	74,681
Lease receivable	28,943					28,943
Pledges receivable, less allowance for uncollectible pledges, net of discount				54,233		54,233
Inventories	1,448					1,448
Total assets	$ 10,955,074	$ 4,561,146	$ 1,850,058	$ 3,399,195	$ 221,445	$ 20,986,918
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 564,985	$ 10	$ 8,517	$ 234,031	$ 8,717	$ 816,260
Salaries and benefits payable	1,653,239					1,653,239
Total liabilities	2,218,224	10	8,517	234,031	8,717	2,469,499
Deferred inflows of resources:						
Unavailable revenues:						
Succeeding year property tax	6,464,794	845,408	890,899			8,201,101
Lease related	28,943					28,943
Other	253,601		253,601			507,202
Total deferred inflows of resources	6,747,338	845,408	1,144,500	-	-	8,737,246
Fund balances:						
Nonspendable: prepaid expenses and inventory	18,415		57,354		360	76,129
Restricted for:						
Categorical funding	1,087,540					1,087,540
Management levy purposes		3,715,728				3,715,728
Student activities					212,368	212,368
Physical plant and equipment			639,687			639,687
School infrastructure				3,165,164		3,165,164
Unassigned	883,557					883,557
Total fund balances	1,989,512	3,715,728	697,041	3,165,164	212,728	9,780,173
Total liabilities, deferred inflows of resources and fund balances	$ 10,955,074	$ 4,561,146	$ 1,850,058	$ 3,399,195	$ 221,445	$ 20,986,918

See Notes to Financial Statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET POSITION		
Total governmental fund balances		$ 9,780,173
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, net of accumulated depreciation/amortization of: $16,662,026.		21,925,013
An internal service fund is used by management to charge the costs of the District's flex benefit plan to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		3,759
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.		(13,815)
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	$ 1,400,512	
Deferred inflows of resources	(324,259)	1,076,253
Some liabilities, including bonds payable, right-to-use agreements, equipment purchase agreements, compensated absences payable, termination benefits, and net pension liability, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds:		
Bonds payable	(5,274,000)	
Right-to-use agreements	(76,869)	
Equipment purchase agreements	(224,455)	
Compensated absences	(1,764,618)	
Termination benefits	(524,694)	
Net pension liability	(3,706,289)	
Total OPEB liability	(1,015,511)	(12,586,436)
Net position of governmental activities per Exhibit A		$ 20,184,947

See Notes to Financial Statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General	Special Revenue Fund Management Levy	Capital Projects Funds Physical Plant and Equipment Levy	Capital Projects Funds Statewide Sales, Services and Use Tax	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Local sources:						
Local property tax	$ 5,842,715	$ 1,470,670	$ 1,086,049			$ 8,399,434
Tuition	293,592					293,592
Other	501,921	138,567	30,599	$ 235,728	$ 272,225	1,179,040
State sources	8,823,706	28,336	16,012	1,501,255		10,369,309
Federal sources	742,859					742,859
Total revenues	16,204,793	1,637,573	1,132,660	1,736,983	272,225	20,984,234
EXPENDITURES						
Current:						
Instruction:						
Regular	7,332,290	264,795				7,597,085
Special	3,131,404					3,131,404
Other	1,901,692				286,078	2,187,770
	12,365,386	264,795	-	-	286,078	12,916,259
Support services:						
Student	475,830					475,830
Instructional staff	555,997		154,167			710,164
Administration	1,821,765	36,879	52,572	2,682		1,913,898
Operation and maintenance plant	1,308,183	301,750	48,007			1,657,940
Transportation	774,346	87,026	201,074			1,062,446
	4,936,121	425,655	455,820	2,682	-	5,820,278
Non-instructional	-	11,316	-	-	-	11,316
Other:						
Long-term debt:						
Principal					1,034,827	1,034,827
Interest and fiscal charges					162,117	162,117
Facilities acquisition			490,235	742,114		1,232,349
AEA flowthrough	502,924					502,924
	502,924	-	490,235	742,114	1,196,944	2,932,217
Total expenditures	17,804,431	701,766	946,055	744,796	1,483,022	21,680,070
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(1,599,638)	935,807	186,605	992,187	(1,210,797)	(695,836)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	40,921				1,213,437	1,254,358
Operating transfers (out)	(16,819)		(157,181)	(1,039,763)	(2,203)	(1,215,966)
Sale of capital assets			24,680	180		24,860
Proceeds from right-to-use agreements			56,715			56,715
	24,102	-	(75,786)	(1,039,583)	1,211,234	119,967
Change in fund balances	(1,575,536)	935,807	110,819	(47,396)	437	(575,869)
FUND BALANCES, beginning of year, as restated	3,565,048	2,779,921	586,222	3,212,560	212,291	10,356,042
FUND BALANCES, end of year	$ 1,989,512	$ 3,715,728	$ 697,041	$ 3,165,164	$ 212,728	$ 9,780,173

See Notes to Financial Statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Net change in fund balances - total governmental funds		$ (575,869)
Amounts reported for governmental activities in the statement of activities are different because:		
An internal service fund is used by management to charge the costs of the District's flex benefit plan to individual funds. The change in net position in the internal service fund is reported with governmental activities in the statement of activities.		(11,918)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation/amortization expenses in the statement of activities. This is the amount by which depreciation/amortization exceeds capital outlays in the current year, as follows:		
Depreciation/amortization	$ (1,369,468)	
Capital outlays	1,085,674	(283,794)
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities:		
Issued	(56,715)	
Repaid	1,034,827	978,112
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.		4,120
The current year District IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the statement of net position.		908,796
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	(53,318)	
Termination benefits	(69,647)	
Pension expense	(299,394)	
OPEB expense	(51,540)	(473,899)
Change in net position of governmental activities per Exhibit B		$ 545,548

See Notes to Financial Statements.

EXHIBIT E

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	Enterprise Fund	Internal Service Fund
	School Nutrition	Flex Benefit Plan
ASSETS		
CURRENT ASSETS		
Cash	$ 200,926	$ 7,272
Accounts receivable	20,285	
Due from other governments	33,738	
Prepaid expenses	2,235	
Inventories	20,143	
Total current assets	277,327	7,272
NONCURRENT ASSETS		
Net pension asset	57,231	
Furniture and equipment	600,852	
Less accumulated depreciation	(316,061)	
Total noncurrent assets	342,022	-
Total assets	619,349	7,272
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows	44,092	
OPEB related deferred outflows	4,626	
Total deferred outflows of resources	48,718	-
Total assets and deferred outflows of resources	$ 668,067	$ 7,272
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 3,561	
Salaries and benefits payable	67,425	
Due to other funds	39,106	$ 3,513
Unearned revenues	14,638	
Compensated absences	3,235	
Total current liabilities	127,965	3,513
NONCURRENT LIABILITIES		
Total OPEB liability	26,930	
Total liabilities	154,895	3,513
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows	177,719	
OPEB related deferred inflows	10,396	
	188,115	-
NET POSITION		
Net investment in capital assets	284,791	
Nonspendable: prepaid expenses	2,235	
Unrestricted	38,031	3,759
Total net position	325,057	3,759
Total liabilities, deferred inflows of resources and net position	$ 668,067	$ 7,272

See Notes to Financial Statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Enterprise Fund	Internal Service Fund
	School Nutrition	Flex Benefit Plan
OPERATING REVENUES		
Local sources:		
Charges for services	$ 298,160	$ 28,010
OPERATING EXPENSES		
Non-instructional programs:		
Food service operations:		
Salaries and benefits	443,775	
Purchased services	6,415	
Supplies	529,345	
Depreciation	46,356	
Other		39,928
Total operating expenses	1,025,891	39,928
Operating loss	(727,731)	(11,918)
NONOPERATING REVENUES (EXPENSES)		
Interest income	12,837	
State sources	4,202	
Federal sources	530,427	
Loss on disposal of fixed assets	(4,451)	
Total nonoperating revenues (expenses)	543,015	-
Loss before transfers	(184,716)	(11,918)
TRANSFER IN	714	
TRANSFER OUT	(39,106)	
	(38,392)	-
Change in net position	(223,108)	(11,918)
NET POSITION, beginning of year, as restated	548,165	15,677
NET POSITION, end of year	$ 325,057	$ 3,759

See Notes to Financial Statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Enterprise Fund	Internal Service Fund
	School Nutrition	Flex Benefit Plan
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sale of lunches and breakfasts	$ 281,482	
Cash paid to employees for services	(462,944)	
Cash paid to suppliers for goods or services	(450,005)	$ (43,580)
Other payments		28,010
Net cash used in operating activities	(631,467)	(15,570)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer out	(31,325)	
Transfer in	714	
State and federal grants received	454,082	
Net cash provided by noncapital financing activities	423,471	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from transfer of equipment to PPEL fund	46,502	
Purchase of equipment	(16,308)	
Net cash provided by capital and related financing activities	30,194	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	12,837	-
Net decrease in cash	(164,965)	(15,570)
CASH, beginning of year	365,891	22,842
CASH, end of year	$ 200,926	$ 7,272
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (727,731)	$ (11,918)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	46,356	
Commodities used	80,547	
Change in assets and liabilities:		
Accounts receivable	(8,850)	
Due from other governments	(4,884)	
Prepaid expenses	(337)	
Inventories	4,697	
Net pension asset	(25,805)	
Deferred outflows of resources	(19,830)	
Accounts payable	848	
Salaries and benefits payable	3,460	
Unearned revenues	(2,944)	
Due to other funds		(3,652)
Compensated absences	(1,949)	
OPEB liability	2,070	
Deferred inflows of resources	22,885	
Net cash used in operating activities	$ (631,467)	$ (15,570)
Non-cash, noncapital financing activities:		
During the year ended June 30, 2025, the District received commodities valued at:	$ 80,547	

See Notes to Financial Statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2025

	Custodial Fund
ASSETS	
Cash	$ 15,162
Receivables	71
Total assets	$ 15,233
NET POSITION	
Held for other organizations	$ 15,233
Total net position	$ 15,233

See Notes to Financial Statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2025

	Custodial Fund
ADDITIONS	
Gifts and contributions	$ 8,495
Miscellaneous	1,839
Total additions	10,334
DEDUCTIONS	
Scholarships	14,500
Miscellaneous	2,401
Total deductions	16,901
Change in net position	(6,567)
NET POSITION, beginning of year	21,800
NET POSITION, end of year	$ 15,233

See Notes to Financial Statements.

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

The Howard-Winneshiek Community School District (the District) is a political subdivision of the State of Iowa. The District's primary purpose is to provide education from grades kindergarten through twelve, including special education and pre-kindergarten. The geographic area served includes the Cities of Cresco, Ridgeway, Lime Springs, and Elma, Iowa, and the predominate agricultural territory in the Counties of Howard and Winneshiek. It is supported financially by local property taxes, state aid and state and federal grants for special projects. The District is governed by a five-member Board of Education whose members are elected on a non-partisan basis. The District has taxing authority and fundraising capabilities of its own. Final approval of the District's annual program and budget plans rests with the local Board of Education.

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

b. Significant Accounting Policies

Scope of Reporting Entity

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

Joint Venture

The District participates in a jointly governed organization that provides services to the District and meets the criteria of a joint venture since there is ongoing financial interest or responsibility by the participating governments. The District is a member of the Northeast Iowa Conference Schools 28E Retention Pool Trust.

Jointly Governed Organizations

The District participates in jointly governed organizations that provide 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 Winneshiek County and Howard County Assessor's Conference Boards.

Government-wide Financial Statements

The statement of net position and the statement of activities report information on all of the non-fiduciary 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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Government-wide Financial Statements (Continued)

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

Fund Financial Statements

Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The general fund, the management levy-special revenue fund, the physical plant and equipment levy-capital projects fund, and the statewide sales, services and use tax-capital projects fund are the major governmental funds for the District. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The major funds of the financial reporting entity are described below:

Governmental

General Fund

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.

Special Revenue Funds

The special revenue funds are used to account for revenues derived from specific sources which are restricted or committed for expenditure for specific purposes other than debt or capital projects. The major fund in this category is the management levy.

Capital Projects Funds

The capital projects funds are utilized to account for all resources used in the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through enterprise funds. The major funds in this category are the physical plant and equipment levy and the statewide sales, services and use tax.

Proprietary Funds

Enterprise Fund

The District's proprietary fund is the school nutrition fund. This fund is used to account for the food service operations of the District.

Internal Service Fund

The flex benefit fund is used to account for the District's flex benefit plan.

Fiduciary Fund

Custodial Fund

The District's fiduciary fund, which focuses on net position and changes in net position. The District's fiduciary fund includes the custodial fund which is used to account for assets held by the District as an agent for individuals, private organizations and other governments.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

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

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

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

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District’s policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s school nutrition fund are charges to customers for sales and services. Operating expenses for the District’s school nutrition fund 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.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

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

Cash and Pooled Investments

The District maintains one primary demand deposit account for each fund through which the cash resources are processed. All investment activity is carried on by the District in each individual fund. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized cost.

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

Property Tax Receivable

Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2023 assessed property valuations; is for the tax accrual period July 1, 2024 through June 30, 2025 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2024.

Interfund Transactions

During the course of its operations, the District has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2025, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Most of the interfund transactions have been eliminated on the government-wide statements.

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.

1. <u>Nature of Operations and Significant Accounting Policies (Continued)</u>

b. <u>Significant Accounting Policies (Continued)</u>

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

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

Pledges Receivable

Contributions are recognized when the donor makes a promise to give a donation to Howard-Winneshiek Community School District that is in substance, unconditional. Contributions were received to help finance the high school addition.

Howard-Winneshiek Community School District provides an allowance for doubtful accounts, as needed, for pledges deemed uncollectible. This allowance is $2,354 as of June 30, 2025. A discount of 4% is recorded for the net present value of pledges receivable.

Inventories

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

Capital Assets

Capital assets are tangible and intangible assets, which include property, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under "Leases" below), if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair which do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Asset Class	Amount
Land	$ 25,000
Buildings	25,000
Land improvements	25,000
Intangibles	200,000
Right-to-use leased assets	5,000
Furniture and equipment:	
School nutrition fund equipment	500
Other furniture and equipment	5,000

1. **Nature of Operations and Significant Accounting Policies (Continued)**

b. **Significant Accounting Policies (Continued)**

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

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

Capital Assets (Continued)

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	5 - 50
Land improvements	5 - 20
Intangibles	5 - 10
Right-to-use leased assets	2 - 15
Furniture and equipment	3 - 20

Leases - District as Lessee

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

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

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

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

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments.

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 which 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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

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

District as Lessor

Howard-Winneshiek Community School District is the lessor for a noncancellable lease of a District building. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

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

Howard-Winneshiek Community School District uses its estimated incremental borrowing rate as the discount rate for leases.

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

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

Deferred Outflows of Resources

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

Salaries and Benefits Payable

Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities. Also, wages for hourly employees earned in June and paid in July have been accrued as liabilities. The rate in effect at June 30, 2025 was used to calculate the salaries payable.

Unearned Revenues

Proprietary funds defer revenue recognition in connection with resources that have been received but not earned. Unearned revenues consist primarily of hot lunch proceeds collected for the next school year.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

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

Compensated Absences

District employees accumulate a limited amount of earned but unused sick or personal leave for subsequent use. A liability is recorded in the government-wide and proprietary fund financial statements when each of following have occurred: the leave is attributable to services already rendered, the leave accumulates and carries over from one reporting period to the next and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2025.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net position. Termination benefits liability has been paid primarily by the major governmental management levy fund.

Pensions

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

Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities and business-type activities will be paid primarily by the general fund and the enterprise fund-school nutrition fund.

Deferred Inflows of Resources

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

1. <u>Nature of Operations and Significant Accounting Policies (Continued)</u>

b. <u>Significant Accounting Policies (Continued)</u>

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

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

Deferred Inflows of Resources (Continued)

Deferred inflows of resources in the statement of net position consist of succeeding year property tax receivable which will not be recognized until the year for which it is levied, income surtax and unrecognized items not yet charged to pension and OPEB expense.

Fund Balance

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

<u>Nonspendable</u> - amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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

<u>Unassigned</u> - is the remaining fund balance, which is not included in other spendable classifications.

Net Position

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

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

Restricted net position consists of net position with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position. Restricted net position is used first when an expense is incurred for purposes for both restricted and unrestricted net position.

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

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplementary information. During the year ended June 30, 2025, expenditures exceeded the certified budget amount in the instruction function.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

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

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2025 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

3. Due from Other Governments

Due from other governments consist of the following at June 30, 2025:

Governmental:	
General fund:	
Open enrollment	$ 111,896
Title I	79,545
Non-public transportation	55,285
Income surtax	253,601
Other	151,793
	652,120
Special revenue funds:	
Management levy	13
Capital projects funds:	
Physical plant and equipment levy	253,608
Statewide sales, services and use tax	157,432
	411,040
Business-type activities:	
School nutrition fund	33,738
Total due from other governments	$ 1,096,911

4. **Northeast Iowa Community College Lease Receivable**

The District owns the Northeast Iowa Community College Center. The District entered into a four-year lease agreement to rent the building to Northeast Iowa Community College. The District is to receive $30,000 in building rent annually with an imputed rate of 2.1%. The following is a schedule by year of future minimum lease payments and the present value of net minimum lease payments following June 30, 2025.

Year Ending June 30,	Total
2026	$ 30,000
2027	30,000
Total minimum lease payments	60,000
Less amount representing interest	(1,514)
Present value of net minimum lease payments	$ 58,486

5. **Unconditional Pledges**

Unconditional pledges at June 30, 2025 are as follows:

Receivable in less than one year	$ 58,850
Receivable in one to five years	125,667
Total unconditional promises to give	184,517
Less discounts to net present value	(15,266)
Less allowance for uncollectible pledges	(2,354)
Net unconditional promises to give	$ 166,897
Current unconditional promises to give	$ 54,233
Long-term unconditional promises to give	112,664
Total unconditional promises to give	$ 166,897

6. **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2025 is as follows:

	Transfers In	Transfers Out
General fund	$ 40,921	$ 16,819
Capital projects funds:		
Physical plant and equipment levy fund		157,181
Statewide sales, services and use tax fund		1,039,763
Nonmajor governmental:		
Student activity fund	16,493	2,203
Debt service fund	1,196,944	
Business-type activities:		
Nutrition fund	714	39,106
Total	$ 1,255,072	$ 1,255,072

6. **Interfund Transfers (Continued)**

Transfers from the statewide sales, services and use tax fund and physical plant and equipment levy fund to the debt service fund were to move resources to help pay bond expenses.

Transfers between the general fund, the student activity fund and nutrition fund were to reimburse for payments made.

7. **Capital Assets**

Capital assets activity for the governmental activities for the year ended June 30, 2025 is as follows.

Governmental Activities	Balance June 30, 2024 As Restated	Additions	Deletions	Balance June 30, 2025
Land	$ 743,320	$ 106,828		$ 850,148
Construction in progress	630,268	646,081	$ 674,460	601,889
Total capital assets not being depreciated	1,373,588	752,909	674,460	1,452,037
Capital assets being depreciated:				
Land improvements	2,219,642	160,360	422,125	1,957,877
Buildings	28,165,365	514,101		28,679,466
Furniture and equipment	6,570,925	276,049	438,462	6,408,512
Total capital assets being depreciated	36,955,932	950,510	860,587	37,045,855
Less accumulated depreciation for:				
Land improvements	1,505,881	85,736	422,125	1,169,492
Buildings	10,247,070	745,671		10,992,741
Furniture and equipment	4,404,531	520,352	438,462	4,486,421
Total accumulated depreciation	16,157,482	1,351,759	860,587	16,648,654
Total capital assets being depreciated, net	20,798,450	(401,249)	-	20,397,201
Intangible right-to-use assets:				
Leased equipment	89,819	56,715	57,387	89,147
Less accumulated amortization	53,050	17,709	57,387	13,372
Intangible right-to-use assets, net	36,769	39,006	-	75,775
Total capital assets being depreciated/amortized, net	20,835,219	(362,243)	-	20,472,976
Governmental activities: Capital assets, net	$ 22,208,807	$ 390,666	$ 674,460	$ 21,925,013

7. Capital Assets (Continued)

Capital assets activity for the business-type activities for the year ended June 30, 2025 is as follows:

Business-type Activities	Balance June 30, 2024 As Restated	Additions	Deletions	Balance June 30, 2025
Furniture and equipment	$ 718,503	$ 16,308	$ 133,959	$ 600,852
Less accumulated depreciation	399,213	46,356	129,508	316,061
Business-type activities:				
Capital assets, net	$ 319,290	$ (30,048)	$ 4,451	$ 284,791

Depreciation/amortization expense was charged to the governmental functions of the District as follows:

Governmental activities:	
Instruction:	
Regular	$ 282,910
Other	46,687
Support services:	
Administration	35,898
Operation and maintenance plant services	73,127
Transportation services	128,284
Unallocated depreciation/amortization	802,562
Total depreciation/amortization expense:	
Governmental activities	$ 1,369,468
Business-type activities:	
Food services	$ 46,356

8. Long-term Debt Obligations

Long-term liability activity for the year ended June 30, 2025 is as follows:

	Balance June 30, 2024 As Restated	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Tax revenue bonds	$ 6,166,000		$ 892,000	$ 5,274,000	$ 910,000
Right-to-use agreements	36,973	$ 56,715	16,819	76,869	16,945
Equipment purchase agreements	350,463		126,008	224,455	130,796
Compensated absences	1,716,485	51,368 *		1,767,853	237,211
Termination benefits	455,047	244,414	174,767	524,694	256,242
Total long-term liabilities	$ 8,724,968	$ 352,497	$ 1,209,594	$ 7,867,871	$ 1,551,194

*The change in compensated absences liability is presented as a net change.

8. **Long-term Debt Obligations (Continued)**

Bond Indebtedness

$7,900,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2022 with principal due June 1, 2025 through December 1, 2030 plus interest monthly with interest rate of the bonds of 2.00% to 2.65%. The local option sales and services tax revenue bonds were issued for the purpose of providing funds for the items listed within the revenue purpose statement.

Interest costs incurred and charged to expenses was $147,763 for the year ended June 30, 2025. A summary of the bond principal and interest maturities is as follows:

Year Ending June 30,	Governmental Activities Tax Revenue Bonds Principal	Governmental Activities Tax Revenue Bonds Interest	Total
2026	$ 910,000	$ 129,032	$ 1,039,032
2027	930,000	109,012	1,039,012
2028	952,000	87,620	1,039,620
2029	976,000	64,296	1,040,296
2030	1,000,000	39,408	1,039,408
Thereafter	506,000	6,704	512,704
Total	$ 5,274,000	$ 436,072	$ 5,710,072

The District has pledged future statewide sales, services and use tax revenue to repay the bond issued in April 2022. The bond was issued for the purpose of refinancing the Series 2009 Bond which was issued for the purpose of financing school infrastructure and the construction of a fitness center addition connected to the high school facility and the elementary facility. The bond is payable solely from the proceeds of the statewide sales, services and use tax revenue received by the District and is payable through 2031. The bond is not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bond is expected to require nearly 63% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bond is $5,710,072. For the current year, principal of $892,000 and interest of $147,763 was paid on the bond and total statewide sales, services and use tax revenue was $1,501,225.

The resolution providing for the issuance of the School Infrastructure Sales, Services and Use Tax Revenue Bond, Series 2022 includes the provision that all proceeds from the statewide sales, services and use tax shall be placed in a revenue account.

The District complied with all of the revenue bond provisions during the year ended June 30, 2025.

At June 30, 2025, the debt issued by the District did not exceed its legal debt margin compiled as follows:

Total assessed valuation	$ 1,129,296,898
Debt limit - 5% of total assessed valuation	$ 56,464,845
Debt applicable to debt limit:	
General obligation:	
Bonded debt outstanding	(5,274,000)
Legal debt margin	$ 51,190,845

8. Long-term Debt Obligations (Continued)

Termination Benefits

The District offered a voluntary early retirement plan to its certified employees. The application for early retirement under the plan was subject to approval by the Board of Education.

2023 Early Retirement Plan

Eligible employees must have completed at least twenty years of service to the District and had to be at least age 55 by June 30 in the year of retirement. Termination benefits for certified employees will be $40,000 stipend, less any lawful deductions. Termination benefits for classified employee's equal half the employee's contract year gross base wages, not including overtime. In addition, the retiring employee shall be entitled to payment for any accrued sick leave at the rate of $90 per unused day for licensed employees or non-licensed employees.

The policy requires termination benefits to be paid in three equal installments beginning in August 2023. The third payment will be paid in August 2025.

2024 Early Retirement Plan

Eligible employees must have completed at least twenty years of service to the District and had to be at least age 55 by June 30 in the year of retirement. Termination benefits for certified employees will be $40,000 stipend, less any lawful deductions. Termination benefits for classified employee's equal half the employee's contract year gross base wages, not including overtime. In addition, the retiring employee shall be entitled to payment for any accrued sick leave at the rate of $90 per unused day for licensed employees or non-licensed employees.

The policy requires termination benefits to be paid in three equal installments beginning in August 2024. The second and third payments will be paid in August 2025 and August 2026, respectively.

2025 Early Retirement Plan

Eligible employees must have completed at least twenty years of service to the District and had to be at least age 55 by June 30 in the year of retirement. Termination benefits for certified employees will be $40,000 stipend, less any lawful deductions. In addition, the retiring employee shall be entitled to payment for any accrued sick leave at the rate of $90 per unused day for licensed employees.

The policy requires termination benefits to be paid in three equal installments beginning in August 2025. The second and third payments will be paid in August 2026 and August 2027, respectively.

As of June 30, 2025, the District has obligations to seventeen participants with a total liability of $524,694. Actual termination benefits expenditures for the year ended June 30, 2025 totaled $174,767.

Equipment Purchase Agreements

The District has entered into one purchase agreement for computers and one for LED boards. The agreements bear interest at 1.965% and 8.40%, respectively. Details of the District's purchase agreements principal and interest maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 130,796	$ 6,917	$ 137,713
2027	93,659	1,835	95,494
Total	$ 224,455	$ 8,752	$ 233,207

During the year ended June 30, 2025, principal and interest paid were $126,008 and $11,705, respectively.

8. **Long-term Debt Obligations (Continued)**

Right-to-Use Agreements

The District has entered into a lease agreement for a copier. The agreement requires monthly payment of $1,639.76 over five years with an imputed interest rate of 3.95% and the final payment due September 16, 2029.

The following is a schedule by year of future minimum lease payments following June 30, 2025.

Year Ending June 30,	Principal	Interest	Total
2026	$ 16,945	$ 2,732	$ 19,677
2027	17,627	2,050	19,677
2028	18,336	1,341	19,677
2029	19,074	603	19,677
2030	4,887	32	4,919
Total	$ 76,869	$ 6,758	$ 83,627

9. **Pension Plan**

Plan Description

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

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general 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 Regular member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

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

9. Pension Plan (Continued)

Disability and Death Benefits

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

Contributions

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

In fiscal year 2025, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2025 totaled $940,849.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the District reported a net pension liability of $3,649,058 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total net pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2024, the District's proportion was 0.100208%, which was an increase of 0.001191% over its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of $312,848. At June 30, 2025, 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	$ 290,359	$ 2,267
Changes of assumptions		51
Net difference between projected and actual earnings on IPERS' investments	45,637	
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	59,478	254,975
District contributions subsequent to the measurement date	940,849	
Total	$ 1,336,323	$ 257,293

9. Pension Plan (Continued)

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

$940,849 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2026	$ (590,997)
2027	818,561
2028	17,227
2029	(112,181)
2030	5,571
Total	$ 138,181

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions

The total net pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

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

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2024 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

9. **Pension Plan (Continued)**

Actuarial Assumptions (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	21.0%	3.52%
International equity	13.0	5.18
Global smart beta equity	5.0	4.12
Core plus fixed income	25.5	3.04
Public credit	3.0	4.53
Cash	1.0	1.69
Private equity	17.0	8.89
Private real assets	9.0	4.25
Private credit	5.5	6.62
Total	100.0%	

Discount Rate

The discount rate used to measure the total net pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total net pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension liability	$ 8,954,724	$ 3,649,058	$ (794,464)

IPERS' Fiduciary Net Position

Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS

At June 30, 2025, the District had no payables to report for the defined benefit pension plan for legally required District contributions and legally required employee contributions, which had been withheld from employee wages but not yet remitted to IPERS.

10. Other Postemployment Benefits (OPEB)

Plan Description

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

OPEB Benefits

Individuals who are employed by the District and are eligible to participate in the group medical and dental plans are eligible to continue healthcare benefits upon retirement after attaining at least age 55. Coverage during retirement continues in the group medical and dental plans up to age 65. The group medical benefits are provided through a fully insured plan with partial self-funding to a lower deductible. Retirees covered by the plan make contributions toward the plan premiums.

Retired participants must be age 55 or older at retirement. At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Active employees	188
Total	192

Total OPEB Liability

The District's total OPEB liability of $1,042,441 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2025)	3.00% per annum.
Rates of salary increase (effective June 30, 2025)	3.25% per annum, based on general wage growth assumption of IPERS actuarial valuation.
Discount rate (effective June 30, 2025)	3.65% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2025)	6.25% initial rate decreasing by .25% annually to an ultimate rate of 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

10. **Other Postemployment Benefits (OPEB) (Continued)**

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	$ 970,583
Changes for the year:	
Service cost	72,038
Interest cost	37,370
Benefit payments	(37,550)
Net change	71,858
Total OPEB liability end of year	$ 1,042,441

Changes of assumptions reflect no change in the discount rate of 3.65% in fiscal year 2024 to fiscal year 2025.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.65%) or 1% higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	$ 1,124,982	$ 1,042,441	$ 965,481

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.25%) or 1% higher (7.25%) than the current healthcare cost trend rates.

	1% Decrease (5.25%)	Healthcare Cost Trend Rate (6.25%)	1% Increase (7.25%)
Total OPEB liability	$ 941,233	$ 1,042,441	$ 1,159,783

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense of $90,616. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	$ 42,972	$ 166,682
Changes in assumptions	69,935	88,399
Total	$ 112,907	$ 255,081

10. Other Postemployment Benefits (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

Year Ending June 30,	Amount
2026	$ (18,792)
2027	(18,792)
2028	(19,723)
2029	(28,080)
2030	(28,080)
Thereafter	(28,707)
Total	$ (142,174)

11. Employee Insurance Plan

Monthly payments of service fees and plan contributions are recorded as expenditures in the general fund at the time of payment to the Northeast Iowa Schools Insurance Trust (trust) maintained by Midwest Group Benefits Consultants, Inc. The trust offers 2 Blue POS, 1 Blue HMO, and 2 Wellmark PPO plans to the member schools. Deductibles and out of pocket maximums vary with each of the plans.

The District may be contingently liable for any claims in excess of funds available at June 30, 2025, since the pool arrangement allows the trust to make additional assessments to members. The District's share of the trust's liability for any unreported claim or assessment on June 30, 2025 was unavailable as of February 3, 2026. The District's contributions to the trust for the years ended June 30, 2025, 2024, and 2023 were $2,013,330, $1,915,064, and $1,761,985, respectively, which equaled the required contributions each year. The District and employees paid $114,766 and $56,383, respectively, in dental insurance for the year ended June 30, 2025.

The District does not report a liability for losses in excess of stop loss insurance unless it is deemed probable that such losses have occurred and the amount of such a loss can be reasonably estimated. Accordingly, at June 30, 2025, no liability has been recorded in the District's financial statements. As of June 30, 2025, settled claims have not exceeded the risk pool or reinsurance company coverage.

12. Risk Management

Howard-Winneshiek 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.

13. 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 $502,924 for the year ended June 30, 2025 and is recorded in the general fund by making a memorandum adjusting entry to the cash basis financial statements.

14. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2025, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Insurance Plan - As discussed in Note 11, the District is contingently liable for any unreported claim or assessment in excess of their balance in the insurance pool.

15. Commitments

The total outstanding construction and other commitments of the District at June 30, 2025 amounted to $571,054 and there were no commitments to be reimbursed.

16. Categorical Funding

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance. The following is a schedule of the categorical funding restricted in the general fund at June 30, 2025.

Program	Amount
Talented and Gifted Program	$ 120,081
Textbook Aid for Nonpublic Students	1,795
Market Factor	1,916
Market Factor Incentives	902
STEM Scale-Up Programs	4
Various	14,731
Dropout Prevention	91,459
Early Intervention Supplement	153,958
Successful Progression for Early Readers	28,027
Foster Care/Juvenile Home Advance	18,638
Teacher Leadership	426,196
Teacher Quality	116,684
Professional Development	113,149
Total	$ 1,087,540

17. Net Position Deficit

The governmental unrestricted fund has a deficit net position as of June 30, 2025. This deficit was incurred due to the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27* and GASB Statement No. 101, *Compensated Absences.*

18. Tax Abatements

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

Tax Abatements of Other Entities

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

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2025 under an agreement entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
Howard County	Urban renewal and economic development projects	$ 48,908
City of Elma	Urban renewal and economic development projects	$ 4,861

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, 2025, there was no reimbursement amount.

19. Change in Area Education Agency Funding

The Governor signed House File 2612 on March 27, 2024, which changes the percentage of educational and media services funding generated through local property taxes by Districts which flow through to each Area Education Agency (AEA) beginning July 1, 2024. For fiscal year 2026, 100% of the educational and media services funds generated by Districts will be received directly by the District and none will flow through to the AEAs. Also, for fiscal year 2026, Districts will flow through 90% (instead of 100%) of special education support services funds to AEAs, who will code the funds as a combination of state aid and property taxes.

20. New Governmental Accounting Standards Board (GASB) Standards

The Governmental Accounting Standards Board (GASB) has issued two statements not yet implemented by the District. The statements which might impact the District are as follows:

GASB Statement No. 103, *Financial Reporting Model Improvements*, issued April 2024, will be effective for the fiscal year ending June 30, 2026. The primary objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, issued September 2024, will be effective for the fiscal year ending June 30, 2026. The primary objective of this statement is to enhance transparency and usefulness of financial statements by requiring separate disclosures for certain capital assets, including intangible assets and assets held for sale.

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

21. Accounting Change/Restatement

During fiscal year 2025, the District implemented Governmental Accounting Standards Board Statement No. 102, *Certain Risk Disclosures*. This statement requires disclosure of significant concentrations or constraints that could expose the District to substantial risk. If such risks are present and associated events have occurred, begun to occur, or are likely to occur within twelve months of the financial statement issuance date, the District must disclose the nature of the risk, related events, and any mitigating actions taken. Implementation of this statement did not have a significant impact on the District.

During the fiscal year 2025, the District implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. This standard establishes revised recognition and measurement criteria for liabilities related to compensated absences, including vacation, sick leave, and other forms of paid time off. Under this standard, compensated absences are recognized when the benefits are earned, rather than when they become payable. As a result, certain leave types previously excluded from liability calculations are now included, and the timing of recognition has been modified. The cumulative effect of implementing the standard has been recorded as an adjustment to beginning net position in the government-wide and proprietary fund financial statements for the fiscal year ended June 30, 2025.

During fiscal year 2024, the District paid $46,502 for cafeteria tables and chairs out of the school nutrition fund. In fiscal year 2025, the District learned that this was not an appropriate expense of the school nutrition fund. In fiscal year 2025, the physical plant and equipment levy fund (PPEL) reimbursed the nutrition fund for the capital asset. The capital asset was transferred to the governmental activities along with the depreciation expense of $6,644 that was taken while it was in the school nutrition fund.

The net book value for a leased equipment has been corrected in fiscal year 2025.

During fiscal year 2025, the District determined that long-term pledges receivables should not be included in the statewide sales, services, and use tax fund (SSSUT). For the governmental activities, the long-term pledges should be shown as a deferred inflow. As of June 30, 2024, the long-term pledge receivable balance was $168,474.

The impact of these restatements are as follows:

	Government-Wide		Governmental Funds: Capital Projects Funds		Proprietary Funds: School Nutrition
	Governmental Activities Net Position	Business-type Activities Net Position	PPEL Fund Balance	SSSUT Fund Balance	Net Position
Balances June 30, 2024, as previously reported	$ 21,525,605	$ 546,705	$ 632,724	$ 3,381,034	$ 546,705
Compensated absences, as previously reported	-	-	-	-	-
Compensated absences, after implementation of GASBS No. 101	(1,711,301)	(5,184)	-	-	(5,184)
Capital assets	(6,644)	6,644	(46,502)	-	6,644
Right-to-use asset	213	-	-	-	-
Pledge receivable	(168,474)	-	-	(168,474)	-
Balances July 1, 2024, as restated	$ 19,639,399	$ 548,165	$ 586,222	$ 3,212,560	$ 548,165

22. Subsequent Events

The Board approved issuing $16,400,000 School Infrastructure Sales, Service, and Use Revenue and Refunding Bonds for a construction project. The construction project will include three new additions and renovations to various parts of the school. In November 2025, the Board directed the sale of $15,600,000 of the $16,400,000 bonds. The Board expects to sell the remaining $800,000 in February 2026. Completion of the construction project is expected to be in August 2027.

Management has evaluated subsequent events through February 3, 2026, the date on which the financial statements were available to be issued.

Required Supplementary Information

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance-Positive (Negative)
REVENUES						
Local sources	$ 9,872,066	$ 310,997	$ 10,183,063	$ 9,865,548	$ 9,865,548	$ 317,515
State sources	10,369,309	4,202	10,373,511	10,035,476	10,035,476	338,035
Federal sources	742,859	530,427	1,273,286	1,420,896	1,420,896	(147,610)
Total revenues	20,984,234	845,626	21,829,860	21,321,920	21,321,920	507,940
EXPENDITURES/EXPENSES						
Instruction	12,916,259		12,916,259	12,223,333	12,723,333	(192,926)
Support services	5,820,278		5,820,278	6,056,188	6,306,188	485,910
Non-instructional programs	11,316	1,025,891	1,037,207	1,334,105	1,334,105	296,898
Other expenditures	2,932,217		2,932,217	3,902,718	3,902,718	970,501
Total expenditures/expenses	21,680,070	1,025,891	22,705,961	23,516,344	24,266,344	1,560,383
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES/EXPENSES	(695,836)	(180,265)	(876,101)	(2,194,424)	(2,944,424)	2,068,323
OTHER FINANCING SOURCES (USES), NET	119,967	(42,843)	77,124	112,397	112,397	(35,273)
Change in balances	(575,869)	(223,108)	(798,977)	(2,082,027)	(2,832,027)	2,033,050
FUND BALANCES, beginning of year, as restated	10,356,042	548,165	10,904,207	10,543,265	10,543,265	360,942
FUND BALANCES, end of year	$ 9,780,173	$ 325,057	$ 10,105,230	$ 8,461,238	$ 7,711,238	$ 2,393,992

See Notes to Required Budgetary Information and Independent Auditor's Report.

This budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs, and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the general fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budget expenditures by $750,000.

During the year ended June 30, 2025, expenditures exceeded the amount budgeted in the instruction function.

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Last Ten Years*
(In Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.100208%	0.099017%	0.104213%	-0.042069%	0.108379%	0.109962%	0.107844%	0.107761%	0.107559%	0.117669%
District's proportionate share of the net pension liability	$ 3,649	$ 4,469	$ 3,937	$ 145	$ 7,613	$ 6,368	$ 6,825	$ 7,178	$ 6,769	$ 5,813
District's covered payroll	$ 9,245	$ 8,691	$ 8,350	$ 8,408	$ 8,601	$ 8,369	$ 8,097	$ 8,045	$ 7,695	$ 8,148
District's proportionate share of the net pension liability as a percentage of its covered payroll	39.47%	51.42%	47.15%	1.72%	88.51%	76.09%	84.29%	89.22%	87.97%	71.34%
IPERS' net position as a percentage of the total pension liability	92.30%	90.13%	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%

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

See Notes to Required Pension Liability Information and Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Last Ten Years
(In Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 941	$ 873	$ 820	$ 788	$ 794	$ 812	$ 790	$ 723	$ 718	$ 687
Contributions in relation to the statutorily required contribution	(941)	(873)	(820)	(788)	(794)	(812)	(790)	(723)	(718)	(687)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 9,967	$ 9,245	$ 8,691	$ 8,350	$ 8,408	$ 8,601	$ 8,369	$ 8,097	$ 8,045	$ 7,695
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.92%	8.93%

See Notes to Required Pension Liability Information and Independent Auditor's Report.

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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%.

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
For the Last Eight Years

	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 72,038	$ 69,770	$ 69,003	$ 66,831	$ 50,882	$ 49,281	$ 49,363	$ 47,809
Interest cost	37,370	34,513	20,218	18,876	32,704	32,169	36,590	35,633
Difference between expected and actual experiences		40,841		(184,800)		(130,160)		35,433
Changes in assumptions		(107,615)		84,198		3,715		65,804
Benefit payments	(37,550)	(18,998)	(25,828)	(24,504)	(78,042)	(57,521)	(67,214)	(49,368)
Net change in total OPEB liability	71,858	18,511	63,393	(39,399)	5,544	(102,516)	18,739	135,311
Total OPEB liability beginning of year	970,583	952,072	888,679	928,078	922,534	1,025,050	1,006,311	871,000
Total OPEB liability end of year	$ 1,042,441	$ 970,583	$ 952,072	$ 888,679	$ 928,078	$ 922,534	$ 1,025,050	$ 1,006,311
Covered-employee payroll	$ 8,855,301	$ 8,576,563	$ 8,390,309	$ 8,126,207	$ 8,250,781	$ 7,991,071	$ 6,430,746	$ 6,415,404
Total OPEB liability as a percentage of covered-employee payroll	11.77%	11.32%	11.35%	10.94%	11.25%	11.54%	15.94%	15.69%

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

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

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

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

Year Ended June 30, 2025	3.65%
Year Ended June 30, 2024	3.65%
Year Ended June 30, 2023	2.14%
Year Ended June 30, 2022	2.14%
Year Ended June 30, 2021	3.50%
Year Ended June 30, 2020	3.50%
Year Ended June 30, 2019	3.58%
Year Ended June 30, 2018	3.58%
Year Ended June 30, 2017	2.50%

See Independent Auditor's Report.

Other Supplementary Information

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

	Special Revenue Fund Student Activity	Debt Service Fund	Total Nonmajor Funds
ASSETS			
Cash and pooled investments	$ 207,361		$ 207,361
Receivables:			
Accounts	13,724		13,724
Prepaid expenses	360		360
Total assets	$ 221,445	$ -	$ 221,445
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 8,717		$ 8,717
Total liabilities	8,717	$ -	8,717
Fund balances:			
Nonspendable: prepaid expenses	360		360
Restricted for:			
Student activities	212,368		212,368
Total fund balances	212,728	-	212,728
Total liabilities and fund balances	$ 221,445	$ -	$ 221,445

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	Special Revenue Fund		
	Student Activity	Debt Service Fund	Total Nonmajor Funds
REVENUES			
Local sources:			
Other	$ 272,225	$ -	$ 272,225
EXPENDITURES			
Current:			
Instruction:			
Other	286,078		286,078
Long-term debt:			
Principal		1,034,827	1,034,827
Interest and fiscal charges		162,117	162,117
Total expenditures	286,078	1,196,944	1,483,022
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(13,853)	(1,196,944)	(1,210,797)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	16,493	1,196,944	1,213,437
Operating transfers out	(2,203)		(2,203)
Net other financing sources (uses)	14,290	1,196,944	1,211,234
Change in fund balances	437	-	437
FUND BALANCES, beginning of year	212,291	-	212,291
FUND BALANCES, end of year	$ 212,728	$ -	$ 212,728

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND
STUDENT ACTIVITY ACCOUNTS
For the Year Ended June 30, 2025

	Balance June 30, 2024	Revenues and Transfers	Expenditures and Transfers	Balance June 30, 2025
High School Football	$ -	$ 41,659	$ 41,659	$ -
Girls High School Basketball	-	9,256	9,256	-
Boys High School Basketball	-	8,127	8,127	-
Boys High School Wrestling	-	13,794	13,794	-
Girls High School Wrestling	-	4,944	4,944	-
High School Baseball	-	9,154	9,154	-
High School Golf	-	10,147	10,147	-
High School Color Guard	-	1,534	1,534	-
High School Track	-	17,943	17,943	-
High School Softball	-	7,690	7,690	-
High School Volleyball	-	6,052	6,052	-
High School Cross Country	-	4,720	4,720	-
Weight/Training Room	-	3,647	3,647	-
High School Yearbook	10,689	17,679	22,666	5,702
High School Career and Technical Student Organization	-	80	80	-
Business Club	-	80	80	-
FCCLA Club	-	172	172	-
High School Cheerleaders	-	3,312	3,312	-
National Honor Society	-	1,203	1,203	-
FFA	7,937	81,040	66,963	22,014
Robe Fund	85			85
High School Student Council	12,048	2,409	3,932	10,525
Junior Prom	1,614	343	408	1,549
Cresco Elementary	79,789	22,230	19,771	82,248
Junior High Drama	4,835			4,835
Junior High Vocal	18,006		90	17,916
Junior High Instrumental	9,437	2,216	6,127	5,526
Junior High Magazine Sales	21			21
Junior High Student Council	14,211	13,993	10,149	18,055
Junior High Cheerleaders	728	505	684	549
High School Drama	10,385		1,125	9,260
High School Speech	-	1,024	1,024	-
High School Vocal	32,624	7,555	8,455	31,724
High School Instrumental	-	3,374	3,374	-
Esports Club	956	1,976	979	1,953
High School Field Trips	-	234	234	-
Co-Ed Athletics	8,926	75,499	83,659	766
Total	$ 212,291	$ 373,591	$ 373,154	$ 212,728

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMPARATIVE SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
For the Years Ended June 30,

	Modified Accrual Basis									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUES										
Local sources:										
Local property tax	$ 8,399,434	$ 8,165,184	$ 7,969,538	$ 7,574,133	$ 7,347,984	$ 7,483,031	$ 7,231,746	$ 6,926,631	$ 6,677,252	$ 6,472,589
Tuition	293,592	285,944	246,200	226,032	366,447	329,218	310,296	207,865	247,294	318,757
Other	1,179,040	1,408,510	1,688,041	525,119	346,350	516,508	577,464	640,092	646,004	562,824
State sources	10,369,309	9,892,154	9,684,630	9,443,659	9,011,131	8,930,773	8,388,959	8,340,927	8,309,890	8,262,836
Federal sources	742,859	1,107,885	2,374,996	1,634,938	1,153,310	476,749	486,123	561,053	443,448	506,527
Total revenues	$ 20,984,234	$ 20,859,677	$ 21,963,405	$ 19,403,881	$ 18,225,222	$ 17,736,279	$ 16,994,588	$ 16,676,568	$ 16,323,888	$ 16,123,533
EXPENDITURES										
Current:										
Instruction:										
Regular	$ 7,597,085	$ 7,027,816	$ 6,816,956	$ 7,602,052	$ 6,475,119	$ 6,428,115	$ 6,375,828	$ 5,886,856	$ 6,190,192	$ 5,975,635
Special	3,131,404	2,800,359	2,436,723	2,241,142	2,250,987	2,403,028	2,264,644	2,145,160	2,132,660	1,979,203
Other	2,187,770	2,120,346	1,927,529	1,909,333	1,783,154	1,788,595	1,977,687	2,169,064	1,995,299	1,990,107
Support services:										
Student	475,830	475,348	527,921	482,917	474,418	460,774	406,110	455,443	429,452	454,743
Instructional staff	710,164	830,673	622,939	463,044	425,455	479,536	556,894	693,285	1,488,882	414,337
Administration	1,913,898	1,905,921	1,628,505	1,625,993	1,744,801	1,489,363	1,466,028	1,423,328	1,296,560	1,328,790
Operation and maintenance plant	1,657,940	1,460,283	1,395,288	1,228,577	1,211,976	1,315,953	1,433,346	1,166,410	1,172,093	1,173,308
Transportation	1,062,446	1,055,781	873,045	820,396	778,300	872,831	857,494	887,671	1,084,715	1,136,095
Non-instructional programs	11,316	8,000	5,250	9,001	6,270	26,866	4,840	6,162	6,274	10,259
Other:										
Facilities acquisition	1,232,349	2,041,475	8,072,840	2,629,395	123,693	355,017	795,633	845,597	2,515,840	821,272
Long-term debt:										
Principal	1,034,827	1,086,035	1,223,545	852,313	409,526	399,401	389,955	2,086,095	190,000	428,436
Interest and fiscal charges	162,117	173,980	186,714	34,541	27,105	37,229	46,676	89,778	82,572	93,413
Bond issuance cost				100,957				42,610		
AEA flowthrough	502,924	581,221	588,089	569,394	563,272	560,351	565,058	565,058	551,687	564,600
Total expenditures	$ 21,680,070	$ 21,567,238	$ 26,305,344	$ 20,569,055	$ 16,274,076	$ 16,617,059	$ 17,140,193	$ 18,462,517	$ 19,136,226	$ 16,370,198

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

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

1. **The auditor's report expresses unmodified opinions on whether the financial statements of Howard-Winneshiek Community School District were prepared in accordance with U.S. generally accepted accounting principles.**

2. **One significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements. No material weaknesses are reported.**

3. **No instances of noncompliance material to the financial statements of Howard-Winneshiek Community School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.**

4. **One significant deficiency in internal control over the major federal award program was disclosed by the audit of the financial statements. No material weaknesses are reported.**

5. **The auditor's report on compliance for the major federal award program for Howard-Winneshiek Community School District expresses an unmodified opinion on the major federal program.**

6. **The audit disclosed no audit findings which are required to be reported in accordance with 2 CFR Section 200.516(a).**

7. **The program tested as a major program was as follows:**
   Federal Assistance Listing Number 84.010: Title I Grants to Local Educational Agencies

8. **The threshold used for distinguishing between Type A and B programs was $750,000.**

9. **Howard-Winneshiek Community School District was determined to be as a low-risk auditee.**

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

Part II: Findings Related to the Financial Statements:

Instances of noncompliance: no matters were noted.

Internal control deficiency:

Finding 2025-001 **Overlapping Duties**

Condition: The District's offices are not large enough to permit an adequate segregation of duties for effective internal controls. Management has not separated incompatible activities of personnel, thereby creating risks related to the safeguarding of cash and the accuracy of the financial statements.

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

Cause: The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records.

Effect: This deficiency results in a reasonable possibility that the District would not be able to detect misstatements that would be material in relation to the financial statements and/or federal award programs in a timely period by employees in the normal course of performing their assigned functions.

Recommendation: The District should review the operating procedures of the District offices to obtain the maximum internal control possible under the circumstances utilizing currently available staff. While we do recognize that the District is not large enough to permit a segregation of duties for effective internal controls, we believe it is important the Board be aware that this condition does exist.

Repeat Finding: Yes.

Views of Responsible Officials and Planned Corrective Actions: Management is cognizant of this limitation and will implement additional procedures where possible.

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

Part III: Findings and Questioned Costs for Federal Awards:

Instances of noncompliance: no matters were noted.

Internal control deficiency:

Federal Assistance Listing Number 84.010: Title I Grants to Local Educational Agencies

Federal Award Year: 2025
Passed through the Iowa Department of Education
See 2025-001 above.

Part IV: Other Findings Related to Required Statutory Reporting:

See management letter dated February 3, 2026.

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2025

Comment Reference	Comment Title	Status	If Not Corrected, Provide Planned Corrective Action or Other Explanation
2024-001 2023-001	Overlapping duties	Partially corrected	District's offices are not large enough to prevent overlapping duties, will implement procedures where possible to obtain maximum internal controls utilizing current staff.

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Grantor/Program Title	Federal Assistance Listing Number	Grant Number	Program Expenditures	
Indirect:				
U.S. Department of Agriculture:				
Passed through Iowa Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	FY25	$ 71,290	
National School Lunch Program	10.555	FY25	398,488	*
Summer Food Service Program for Children	10.559	FY25	59,005	
Total Child Nutrition Cluster			528,783	
Local Food for Schools Cooperative Agreement	10.185	FY25	2,000	**
Total U.S. Department of Agriculture			530,783	
U.S. Department of Education:				
Passed through Iowa Department of Education:				
Title I Grants to Local Educational Agencies	84.010	FY25	241,674	
Supporting Effective Instruction State Grant	84.367	FY25	33,884	
Student Support and Academic Enrichment Program	84.424	FY25	15,618	
Education Stabilization Fund (ESF):				
Learning Beyond the Bell	84.425	FY25	31,070	
Rethink K-12 Education Models Discretionary Grant (eLearning Central)	84.425B	FY25	5,424	
Total Education Stabilization Fund			36,494	
Passed through Keystone Area Education Agency:				
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	FY25	54,208	
Career and Technical Education - Basic Grants to States	84.048	FY25	13,687	
Total U.S. Department of Education			395,565	
Total Federal Financial Assistance			$ 926,348	

* Includes $78,903 of non-cash awards.
** Includes $2,000 of non-cash awards.

See Independent Auditor's Report.

Basis of Presentation:

- **The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Howard-Winneshiek Community School District under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements 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). Because the schedule presents only a selected portion of the operations of Howard-Winneshiek Community School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Howard-Winneshiek Community School District.**

Summary of Significant Accounting Policies:

- **Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.**

- **Pass-through entity identifying numbers are presented where available.**

Indirect Cost Rate:

- **Howard-Winneshiek Community School District calculated an indirect cost rate for the Child Nutrition Cluster of 9.52% based on the direct costs incurred during the year ended June 30, 2025. For all other grants, the District has elected not to use the 10% de minimis indirect cost rate.**

Subrecipients:

- **There were no awards pass through to subrecipients.**

See Independent Auditor's Report.

Hacker Nelson & Co., CPAs

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
Howard-Winneshiek Community School District
Cresco, Iowa

We have audited, in accordance with the U.S. generally accepted auditing standards 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 Howard-Winneshiek Community School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Howard-Winneshiek Community School District's basic financial statements and have issued our report thereon dated February 3, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Howard-Winneshiek Community School District's Response to Finding

***Government Auditing Standards* requires the auditor to perform limited procedures on the Howard-Winneshiek Community School District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Howard-Winneshiek Community School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.**

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.

Hacker, Nelson + Co., CPAs

Decorah, Iowa
February 3, 2026

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

To the Board of Education
Howard-Winneshiek Community School District
Cresco, Iowa

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Howard-Winneshiek Community School District's 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 the Howard-Winneshiek Community School District's major federal program for the year ended June 30, 2025. Howard-Winneshiek Community School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Howard-Winneshiek Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 Howard-Winneshiek Community School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Howard-Winneshiek Community School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Howard-Winneshiek Community School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *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 Howard-Winneshiek Community School District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Howard-Winneshiek Community School 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 Howard-Winneshiek Community School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Howard-Winneshiek Community School District s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

Report on Internal Control over Compliance (Continued)

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

Government Auditing Standards **requires the auditor to perform limited procedures on Howard-Winneshiek Community School District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Howard-Winneshiek Community School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.**

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

Hacker, Nelson + Co., CPAs

Decorah, Iowa
February 3, 2026

MANAGEMENT LETTER

To the Board of Education
Howard-Winneshiek Community School District
Cresco, Iowa

In planning and performing our audit of the basic financial statements of Howard-Winneshiek Community School District for the year ended June 30, 2025, we considered the District's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the District's compliance with certain sections of the Iowa Code, Attorney General's Opinions, and other matters. Items 1 through 13 below are compliance comments required by the Iowa Auditor of State. A separate report dated February 3, 2026, contains our report on the District's internal control over financial reporting. This letter does not affect our report dated February 3, 2026, on the basic financial statements of the Howard-Winneshiek Community School District. Comment numbers 1 and 9 are unresolved comments from the prior year. All other prior year comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the District's responses and, accordingly, we express no opinion on them.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2025 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.

1. Certified Budget

During the year ended June 30, 2025, expenditures exceeded the amended certified budget in the instruction function.

Recommendation

The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response and Corrective Action Planned

Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion

Response accepted.

2. Questionable Expenditures

We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's Opinion dated April 25, 1979.

3. Travel Expense

No expenditures of District money for travel expenses of spouses of District officials and/or employees were noted. No travel advances to District officials or employees were noted.

4. Business Transactions

The District had business transactions between the District and the following District officials or employees. The transactions consisted with the following:

- Tanya Riehle consisted of total payments to Blue House Studio of $325. Tanya Riehle is the owner of Blue House Studio.

- Andy Ludeking consisted of total payments to Decorah/Cresco Bank & Trust of $519,881.50 for debt payments. Andy Ludeking is Chief Credit Officer at Cresco Bank & Trust.

- Shirley Sovereign consisted of total payments to Cresco Fuels of $10,977.72. Shirley Sovereign's husband owns Cresco Fuels.

- Kim Kerian consisted of total payments to Culligan Water Conditioning of $8,295.68. Kim Kerian's husband owns Culligan Water Conditioning.

- Brent Mehmert consisted of total payments to Mehmert Tiling Inc. of $20,769.45. Brent Mehmert is the owner of Mehmert Tiling Inc.

- Stephanie Scholbrock consisted of total payments of $11,800.00. Stephaine Scholbrock's husband is the owner of Scholbrock Masonry.

* In accordance with an Attorney General's Opinion dated November 9, 1976 and Chapter 279.7A of the Code of Iowa, these transactions do not appear to represent any conflict of interest. The payments to Mehmert Tiling, Inc. do not appear to represent conflict of interest since they were entered through competitive bidding and Brent Mehmert is not directly involved in approving the contracts.

5. 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.

6. Bond Coverage

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

7. Board Minutes

We noted no transactions requiring Board approval which had not been approved by the Board. We also noted no minutes and bills that had not been published as required.

8. Certified Enrollment

No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

9. **Supplementary Weighting**

We noted three variances in the supplementary weighting certified to the Iowa Department of Education. Three students were funded with the District while taking a course at another District.

Recommendation

We recommend that lists are reviewed before certifying to the Iowa Department of Education.

Response and Corrective Action Planned

The District contacted the Iowa Department of Education to notify them of the difference.

Conclusion

Response accepted.

10. **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.

11. **Certified Annual Report**

The Certified Annual Report (CAR) was certified timely to the Iowa Department of Education.

12. **Categorical Funding**

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

13. **Statewide Sales, Services and Use Tax**

No instances of noncompliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education.

For the year ended June 30, 2025, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning restated balance		$ 3,212,560
Revenues/transfers in:		
Statewide sales, services and use tax	$ 1,501,255	
Other local revenue	235,728	
Proceeds of capital assets	180	1,737,163
Expenditures/transfers out:		
School infrastructure:		
Equipment and architect	2,682	
School infrastructure construction	742,114	
Transfers to debt service fund	1,039,763	1,784,559
Ending balance		$ 3,165,164

13. Statewide Sales, Services and Use Tax (Continued)

For the year ended June 30, 2025, the District reduced the following levies as a result of the moneys received under Chapters 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per $1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	$ 1.59	$ 1,039,763
Physical plant and equipment levy (PPEL)	.71	461,492
Total		$ 1,501,255

14. Student Activity Fund

For the items tested, no instances of noncompliance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), for moneys in the student activity fund which should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program were noted.

We have also provided you under separate cover a listing of general steps that you should review and consider implementing to strengthen controls. This list is not all inclusive. You should review all aspects of your operations and implement appropriate controls as deemed necessary. Some of these items may not be applicable or you may have already implemented them.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of Howard-Winneshiek Community School District during the course of our audit.

Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Hacker, Nelson + Co., CPAs

Decorah, Iowa
February 3, 2026