

**SIOUX CENTRAL
COMMUNITY SCHOOL DISTRICT**

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

JUNE 30, 2020

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SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Lory Krummen	President	2021
Kevin Lindquist	Vice President	2023
Kaarn McCarty	Board Member	2023
Michelle Patten	Board Member	2023
Randy Ripke	Board Member	2021

School Officials

Scott Williamson	Superintendent	Indefinite
Samantha Kopfmann	Board Treasurer	Indefinite
Kelsey Miller	Board Secretary	Indefinite
Steve Avery	Attorney	Indefinite



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Sioux Central Community School District
Sioux Rapids, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Sioux Central Community School District, Sioux Rapids, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Sioux Central Community School District as of June 30, 2020, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 13 and 50 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sioux Central Community School District's basic financial statements. We and other auditors previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 12, 2021 on our consideration of Sioux Central Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Sioux Central Community School District's internal control over financial reporting and compliance.

Schnell & Company, LLP

Fort Dodge, Iowa
March 12, 2021

SIoux CENTRAL COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sioux Central 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, 2020. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$7,669,996 in fiscal year 2019 to \$7,823,906 in fiscal year 2020, while General Fund expenditures increased from \$6,735,422 in fiscal year 2019 to \$7,036,369 in fiscal year 2020. The District's General Fund balance increased from \$2,952,855 at the end of fiscal year 2019 to \$3,740,392 at the end of fiscal year 2020, a 26.7% increase.
- The fiscal year 2020 General Fund revenue increase was attributable mainly to an increase in local tax and tuition revenue. The increase in expenditures was due primarily to an increase of instruction and support service costs.

USING THIS ANNUAL REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Sioux Central 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 the District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Sioux Central Community School District acts solely as an agent or custodian for the benefit of those outside of the District.
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes.
- Supplementary Information provides detailed information about the nonmajor governmental funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The District has three kinds of funds:

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

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

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES (Continued)

Fund Financial Statements (continued)

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

Proprietary funds also account for the District's Internal Service Partially Self-Funded Health Plan and Flex Benefits Plan Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the District's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows.

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. This fund includes the Private-Purpose Trust Fund, as follows:

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

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

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position at June 30, 2020 compared to June 30, 2019.

	Figure A-1 Condensed Statement of Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change June 30, 2019-2020
	June 30,		June 30,		June 30,		
	2020	2019	2020	2019	2020	2019	
Assets:							
Current and other assets	\$ 10,560,578	\$ 9,491,617	\$ 99,568	\$ 91,769	\$10,660,146	\$ 9,583,386	11.2%
Capital assets	12,123,338	12,386,183	2,254	2,761	12,125,592	12,388,944	-2.1%
Total assets	22,683,916	21,877,800	101,822	94,530	22,785,738	21,972,330	3.7%
Deferred Outflows of Resources	929,114	1,102,215	56,625	44,021	985,739	1,146,236	-14.00%
Liabilities:							
Long-term liabilities	10,043,644	10,618,385	123,422	128,804	10,167,066	10,747,189	-5.4%
Other liabilities	1,060,325	961,151	26,304	14,378	1,086,629	975,529	11.4%
Total liabilities	11,103,969	11,579,536	149,726	143,182	11,253,695	11,722,718	-4.0%
Deferred Inflows of Resources	3,954,010	3,605,963	30,512	25,015	3,984,522	3,630,978	9.7%
Net Position:							
Net investment in capital assets	6,149,675	6,114,556	2,254	2,761	6,151,929	6,117,317	0.6%
Restricted	2,459,673	2,269,312	-	-	2,459,673	2,269,312	8.4%
Unrestricted	(54,297)	(589,352)	(24,045)	(32,407)	(78,342)	(621,759)	87.4%
Total net position	\$ 8,555,051	\$ 7,794,516	\$ (21,791)	\$ (29,646)	\$ 8,533,260	\$ 7,764,870	9.9%

The District's total net position increased 9.9%, or approximately \$768,000 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with 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 \$190,000, or 8.4%, over the prior year. The increase was primarily due to an increase in the Management Levy Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$543,000, or 87.4%. This increase of unrestricted net position was primarily a result of an increase in enrollment and managing expenses with available revenue.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Figure A-2 shows the changes in net position for the year ended June 30, 2020 compared to the year ended June 30, 2019:

	Figure A-2 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change June 30, 2019-2020
	June 30,		June 30,		June 30,		
2020	2019	2020	2019	2020	2019		
Revenues:							
Program revenues:							
Charges for service	\$ 2,691,190	\$ 2,137,555	\$ 141,329	\$ 203,441	\$ 2,832,519	\$ 2,340,996	21.0%
Operating grants and contributions	977,536	1,324,804	157,736	156,731	1,135,272	1,481,535	-23.4%
Capital grants and contributions	-	72,901	-	-	-	72,901	100.0%
General revenues:							
Property tax	3,257,710	2,960,858	-	-	3,257,710	2,960,858	10.0%
Income surtax	149,219	212,544	-	-	149,219	212,544	-29.8%
Statewide sales, services and use tax	500,739	502,441	-	-	500,739	502,441	-0.3%
Unrestricted state grants	1,741,320	2,189,116	-	-	1,741,320	2,189,116	-20.5%
Interest income	38,340	40,617	351	341	38,691	40,958	-5.5%
Miscellaneous	145,095	173,391	2,487	-	147,582	173,391	-14.9%
Total revenues	9,501,149	9,614,227	301,903	360,513	9,803,052	9,974,740	-1.7%
Program Expenses:							
Instruction	5,117,905	4,995,037	-	-	5,117,905	4,995,037	2.5%
Support services	2,885,314	2,620,168	-	-	2,885,314	2,620,168	10.1%
Non-instructional programs	-	-	294,048	358,921	294,048	358,921	-18.1%
Other expenses	737,395	806,558	-	-	737,395	806,558	-8.6%
Total expenses	8,740,614	8,421,763	294,048	358,921	9,034,662	8,780,684	2.9%
Change in net position	760,535	1,192,464	7,855	1,592	768,390	1,194,056	-35.6%
Net position beginning of year	7,794,516	6,602,052	(29,646)	(31,238)	7,764,870	6,570,814	18.2%
Net position end of year	\$ 8,555,051	\$ 7,794,516	\$ (21,791)	\$ (29,646)	\$ 8,533,260	\$ 7,764,870	9.9%

In fiscal year 2020, property tax and unrestricted state grants accounted for 52.6% of governmental activities revenues while charges for service and operating grants and contributions accounted for 99.0% of business type activities revenue. The District's total revenues were approximately \$9.8 million, of which approximately \$9.5 million was for governmental activities and approximately \$0.3 million was for business type activities.

As shown in Figure A-2, the District as a whole experienced a 1.7% decrease in revenues and a 2.9% increase in expenses. The decrease in revenues was attributable mainly to a decrease in operating grants and contributions and unrestricted state grants offset by an increase in charges for service. The increase in expenses was due primarily to an increase in negotiated salaries and benefits.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities

Revenues for governmental activities were \$9,501,149 and expenses were \$8,740,614 for the year ended June 30, 2020. In a difficult budget year, the District was able to balance the budget by controlling expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, and other expenses, for the year ended June 30, 2020 compared to the year ended June 30, 2019.

Figure A-3 Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2020	2019	Change 2019-2020	2020	2019	Change 2019-2020
Instruction	\$ 5,117,905	\$ 4,995,037	2.5%	\$ 2,261,553	\$ 2,256,743	0.2%
Support services	2,885,314	2,620,168	10.1%	2,294,094	2,114,802	8.5%
Other expenses	737,395	806,558	-8.6%	516,241	514,958	0.2%
Total	\$ 8,740,614	\$ 8,421,763	3.8%	\$ 5,071,888	\$ 4,886,503	3.8%

For the year ended June 30, 2020:

- The cost financed by users of the District's programs was \$2,691,190.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$977,536.
- The net cost of governmental activities was financed with \$3,907,668 in property and other taxes and \$1,741,320 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2020 were \$301,903, representing a 16.6% decrease over the prior year, while expenses totaled \$294,048, an 18.1% decrease over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Due to the global pandemic, during the last quarter of the fiscal year, in-person learning ceased resulting in reduced charges for service revenue and salary and benefits and supplies expense.

MANAGEMENT'S DISCUSSION AND ANALYSIS

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$5,946,277 a 20.9% increase from last year's ending fund balances of \$4,919,910. The primary reason for the increase in combined fund balances at the end of fiscal year 2020 is due to an increase in local tax and tuition revenue.

Governmental Fund Highlights

- The General Fund balance increased from \$2,952,855 to \$3,740,392 due to an increase in local and tuition source revenue.
- The Debt Service Fund balance increased from \$371,590 to \$374,266, property tax revenue approximated principal and interest requirements.
- The Capital Projects Fund balance increased from \$1,081,428 at June 30, 2019 to \$1,093,879 at June 30, 2020. This was due to expenses related to various facility projects and equipment purchases approximating revenue received.

Proprietary Fund Highlights

School Nutrition Fund net position increased from (\$29,646) at June 30, 2019 to (\$21,791) at June 30, 2020. Due to the global pandemic, during the last quarter of the fiscal year, in-person learning ceased resulting in reduced charges for service revenue and salary and benefits and supplies expense. The reduction in expenses was greater than the reduced revenue.

BUDGETARY HIGHLIGHTS

Over the course of the year, Sioux Central Community School District amended its budget one time to reflect additional expenses in the School Nutrition Fund.

The District's total revenues were \$2,125,472 more than total budgeted revenues, primarily due to more local revenue.

Total expenditures were less than budgeted, due primarily to maintaining control over expenditures.

A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had invested approximately \$12.1 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-4). This represents a net decrease of 2.1% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$473,823.

The original cost of the District's capital assets was approximately \$18.0 million. Governmental funds account for \$17.9 million, with the remainder of approximately \$0.1 million accounted for in the Enterprise, School Nutrition Fund.

The change in capital asset activity during the year was the result of depreciation expense exceeding capital outlay expenses.

	Governmental Activities		Business Type Activities		Total District		Total Change June 30, 2019-2020
	June 30,		June 30,		June 30,		
	2020	2019	2020	2019	2020	2019	
Land	\$ 125,495	\$ 125,495	\$ -	\$ -	\$ 125,495	\$ 125,495	0.0%
Buildings and improvements	10,865,925	11,103,576	-	-	10,865,925	11,103,576	-2.1%
Furniture and equipment	1,131,918	1,157,112	2,254	2,761	1,134,172	1,159,873	-2.2%
Total	\$ 12,123,338	\$ 12,386,183	\$ 2,254	\$ 2,761	\$12,125,592	\$ 12,388,944	-2.1%

Long-term Debt

At June 30, 2020, the District had \$5,973,663 of total long-term debt outstanding. This represents a decrease of approximately 4.75% from last year (See Figures A-5). Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

	Total District		Total Change June 30, 2019-2020
	June 30,		
	2020	2019	
General obligation bonds	\$ 5,585,000	\$ 5,910,000	-5.50%
Capital leases payable	388,663	361,627	7.48%
Total	\$ 5,973,663	\$ 6,271,627	-4.75%

MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District continues its whole-grade sharing agreement with Albert City - Truesdale Community School District for academics. The agreement is going well. The District reviewed and extended the agreement to year 2025.
- The administration is keeping communication lines open with other neighboring districts for the possibility of future sharing. A 28E agreement continues with Clay Central Everly Community School District to share the positions of Business Manager and Human Resources Director. Agreements are also in place sharing a TAG teacher and food service director with Laurens-Marathon Community School District and a counselor with Albert City-Truesdale Community School District.
- The Sioux Central district is a 1:1 technology device district using iPads and Chrome books. The staff continues to work hard to use the technology as a tool for educating our students.
- Health insurance continues to be a very costly item for the District. The rates are continuing to increase and are extremely high. Even though concessions have been made by employees in regard to deductibles and coinsurance, other solutions need to be found. The skyrocketing cost of health care and the insurance to cover the cost could become a factor in hiring and retaining employees.
- Unfunded mandates are stretching the limits of not only the financial health of the District, but also the human resources aspect of the District with mandates such as the "No Child Left Behind" and "Student Achievement and Teacher Quality Act".

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Samantha Kopfmann, School Business Official and District Treasurer, Sioux Central Community School District, 4440 US Hwy 71, Sioux Rapids, IA 50585.

BASIC FINANCIAL STATEMENTS

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2020

	Governmental Activities	Business Type Activities	Total
Assets			
Cash	\$ 5,567,963	\$ 71,045	\$ 5,639,008
Certificates of deposit	770,996	-	770,996
Receivables:			
Property tax:			
Delinquent	7,250	-	7,250
Succeeding year	3,235,797	-	3,235,797
Accounts	799,672	7,271	806,943
Accrued interest	3,139	-	3,139
Due from other governments	175,761	-	175,761
Inventories	-	21,252	21,252
Land	125,495	-	125,495
Capital assets, net of accumulated depreciation	11,997,843	2,254	12,000,097
Total assets	22,683,916	101,822	22,785,738
Deferred Outflows of Resources			
Pension related deferred outflows	929,114	56,625	985,739
Total deferred outflows of resources	929,114	56,625	985,739
Liabilities			
Accounts payable	213,980	-	213,980
Salaries and benefits payable	741,184	13,893	755,077
Unearned revenue	-	12,661	12,661
Advances from grantors	68,851	-	68,851
Accrued interest payable	36,060	-	36,060
Internal balances	250	(250)	-
Long-term liabilities:			
Portion due within one year:			
Bonds payable	330,000	-	330,000
Capital leases payable	118,411	-	118,411
Early retirement payable	25,500	-	25,500
Portion due after one year:			
Bonds payable	5,255,000	-	5,255,000
Capital leases payable	270,252	-	270,252
Early retirement payable	114,750	-	114,750
Net pension liability	3,146,590	123,422	3,270,012
Total OPEB liability	783,141	-	783,141
Total liabilities	11,103,969	149,726	11,253,695

(Continued on next page)

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

**Exhibit A
(Continued)**

Statement of Net Position

June 30, 2020

	Governmental Activities	Business Type Activities	Total
Deferred Inflows of Resources			
Property taxes levied for subsequent years	\$ 3,235,797	\$ -	\$ 3,235,797
Pension related deferred inflows	555,973	30,512	586,485
OPEB related deferred inflows	162,240	-	162,240
Total deferred inflows of resources	3,954,010	30,512	3,984,522
Net Position			
Net investment in capital assets	6,149,675	2,254	6,151,929
Restricted for:			
Categorical funding	289,848	-	289,848
Physical plant and equipment	128,133	-	128,133
Student activities	164,458	-	164,458
School infrastructure	965,746	-	965,746
Debt Service	338,206	-	338,206
Management levy purposes	573,282	-	573,282
Unrestricted	(54,297)	(24,045)	(78,342)
Total net position	\$ 8,555,051	\$ (21,791)	\$ 8,533,260

See notes to basic financial statements.

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Governmental activities:				
Instruction:				
Regular	\$ 2,876,977	\$ 1,288,369	\$ 89,861	\$ -
Special	1,232,449	941,589	169,611	-
Other	1,008,479	263,863	103,059	-
	<u>5,117,905</u>	<u>2,493,821</u>	<u>362,531</u>	<u>-</u>
Support services:				
Student	253,265	-	13,401	-
Instructional staff	294,134	14,101	175,209	-
Administration	1,003,994	165,614	315	-
Operation and maintenance of plant	884,359	-	42,880	-
Transportation	449,562	17,654	162,046	-
	<u>2,885,314</u>	<u>197,369</u>	<u>393,851</u>	<u>-</u>
Other expenditures:				
Long-term debt interest and fiscal charges	194,697	-	-	-
AEA flowthrough	221,154	-	221,154	-
Depreciation (unallocated)*	321,544	-	-	-
	<u>737,395</u>	<u>-</u>	<u>221,154</u>	<u>-</u>
Total governmental activities	<u>8,740,614</u>	<u>2,691,190</u>	<u>977,536</u>	<u>-</u>
Business type activities:				
Non-instructional programs:				
Food service operations	294,048	141,329	157,736	-
Total business type activities	<u>294,048</u>	<u>141,329</u>	<u>157,736</u>	<u>-</u>
Total	<u>\$ 9,034,662</u>	<u>\$ 2,832,519</u>	<u>\$ 1,135,272</u>	<u>\$ -</u>

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities		Business Type Activities	Total
\$ (1,498,747)	\$ -	\$ (1,498,747)	
(121,249)	-	(121,249)	
(641,557)	-	(641,557)	
<u>(2,261,553)</u>	-	<u>(2,261,553)</u>	
(239,864)	-	(239,864)	
(104,824)	-	(104,824)	
(838,065)	-	(838,065)	
(841,479)	-	(841,479)	
(269,862)	-	(269,862)	
<u>(2,294,094)</u>	-	<u>(2,294,094)</u>	
(194,697)	-	(194,697)	
-	-	-	
<u>(321,544)</u>	-	<u>(321,544)</u>	
<u>(516,241)</u>	-	<u>(516,241)</u>	
<u>(5,071,888)</u>	-	<u>(5,071,888)</u>	
-	5,017	5,017	
-	5,017	5,017	
<u>(5,071,888)</u>	5,017	<u>(5,066,871)</u>	

(Continued on next page)

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2020

	Program Revenues		
	Charges for	Operating	Capital
	Service	Grants and	Grants and
		Contributions	Contributions
Expenses			
General Revenues:			
Property tax levied for:			
General purposes			
Debt service			
Capital outlay			
Income surtax			
Statewide sales, services and use tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total general revenues			
Change in net position			
Net position beginning of year			
Net position end of year			

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

See notes to basic financial statements.

**Exhibit B
(Continued)**

**Net (Expense) Revenue
and Changes in Net Position**

Governmental		Business Type		
Activities		Activities		Total
\$ 2,652,234	\$	-	\$	2,652,234
511,276		-		511,276
94,200		-		94,200
149,219		-		149,219
500,739		-		500,739
1,741,320		-		1,741,320
38,340		351		38,691
145,095		2,487		147,582
5,832,423		2,838		5,835,261
760,535		7,855		768,390
7,794,516		(29,646)		7,764,870
\$ 8,555,051	\$	(21,791)	\$	8,533,260

Exhibit C

Nonmajor	Total
\$ 735,032	\$ 5,334,903
-	770,996
2,808	7,250
400,001	3,235,797
-	799,672
-	3,139
-	35,708
-	175,761

\$ 1,137,841 \$ 10,363,226

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

**Balance Sheet
Governmental Funds**

June 30, 2020

	General	Debt Service	Capital Projects
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 145,536	\$ -	\$ 68,444
Salaries and benefits payable	735,800	-	-
Due to other funds	28,819	-	-
Advances from grantors	68,851	-	-
Total liabilities	979,006	-	68,444
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	2,234,191	507,727	93,878
Other	133,602	-	-
Total deferred inflows of resources	2,367,793	507,727	93,878
Fund balances:			
Restricted for:			
Categorical funding	289,848	-	-
Debt service	-	374,266	-
Student activities	-	-	-
Management levy purposes	-	-	-
School infrastructure	-	-	965,746
Physical plant and equipment	-	-	128,133
Assigned	8,129	-	-
Unassigned	3,442,415	-	-
Total fund balances	3,740,392	374,266	1,093,879
Total liabilities, deferred inflows of resources and fund balances	\$ 7,087,191	\$ 881,993	\$ 1,256,201

**Exhibit C
(Continued)**

<u>Nonmajor</u>		<u>Total</u>	
\$	-	\$	213,980
	-		735,800
	100		28,919
	-		68,851
	100		1,047,550
	400,001		3,235,797
	-		133,602
	400,001		3,369,399
	-		289,848
	-		374,266
	164,458		164,458
	573,282		573,282
	-		965,746
	-		128,133
	-		8,129
	-		3,442,415
	737,740		5,946,277
\$	1,137,841	\$	10,363,226

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position**

June 30, 2020

Total fund balances of governmental funds (page 19) \$ 5,946,277

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 12,123,338

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 133,602

Internal service funds are used by management to charge the cost of certain activities, such as health insurance, to individual funds. The internal service fund is included in the statements of net position under governmental activities. 220,637

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. (36,060)

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	\$ 929,114	
Deferred inflows of resources	<u>(718,213)</u>	210,901

Long-term liabilities, including bonds payable, capital leases, compensated absences payable, total OPEB liability and net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (10,043,644)

Net position of governmental activities (page 15) \$ 8,555,051

See notes to basic financial statements.

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds**

Year ended June 30, 2020

	General	Debt Service	Capital Projects
Revenues:			
Local sources:			
Local tax	\$ 2,480,355	\$ 511,276	\$ 94,200
Tuition	1,986,429	-	-
Other	286,578	-	65,382
Intermediate sources	23,425	-	-
State sources	2,817,923	1,224	500,964
Federal sources	229,196	-	-
Total revenues	7,823,906	512,500	660,546
Expenditures:			
Current:			
Instruction:			
Regular	2,583,559	-	213,184
Special	1,192,060	-	-
Other	841,906	-	-
	4,617,525	-	213,184
Support services:			
Student	243,566	-	-
Instructional staff	247,761	-	37,764
Administration	854,189	-	75,142
Operation and maintenance of plant	548,564	-	4,701
Transportation	303,610	-	46,463
	2,197,690	-	164,070
Other expenditures:			
Facilities acquisition	-	-	285,040
Long-term debt:			
Principal	-	403,762	-
Interest and fiscal charges	-	197,661	-
AEA flowthrough	221,154	-	-
	221,154	601,423	285,040
Total expenditures	7,036,369	601,423	662,294

Exhibit E

		Nonmajor	Total
\$	400,040	\$	3,485,871
	-		1,986,429
	182,141		534,101
	-		23,425
	958		3,321,069
	-		229,196
	<u>583,139</u>		<u>9,580,091</u>

	40,380		2,837,123
	-		1,192,060
	135,449		977,355
	<u>175,829</u>		<u>5,006,538</u>

	-		243,566
	-		285,525
	46,377		975,708
	137,230		690,495
	-		350,073
	<u>183,607</u>		<u>2,545,367</u>

	-		285,040
	-		403,762
	-		197,661
	-		221,154
	-		1,107,617
	<u>359,436</u>		<u>8,659,522</u>

(Continued on next page)

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes
Fund Balances - Governmental Funds**

Year ended June 30, 2020

	General	Debt Service	Capital Projects
Excess (deficiency) of revenues over (under) expenditures	\$ 787,537	\$ (88,923)	\$ (1,748)
Other financing sources (uses):			
Transfers in	-	91,599	-
Transfers out	-	-	(91,599)
Proceeds from capital lease purchase	-	-	105,798
Total other financing sources (uses)	-	91,599	14,199
Change in fund balances	787,537	2,676	12,451
Fund balances, beginning of year	2,952,855	371,590	1,081,428
Fund balances, end of year	<u>\$ 3,740,392</u>	<u>\$ 374,266</u>	<u>\$ 1,093,879</u>

See notes to basic financial statements.

**Exhibit E
(Continued)**

Nonmajor	Total
<u>\$ 223,703</u>	<u>\$ 920,569</u>
-	91,599
-	(91,599)
-	105,798
<u>-</u>	<u>105,798</u>
223,703	1,026,367
514,037	4,919,910
<u>\$ 737,740</u>	<u>\$ 5,946,277</u>

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Year ended June 30, 2020

Change in fund balances - total governmental funds (page 22) \$ 1,026,367

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. These costs are not reported in the Statement of Activities, but they are allocated over the estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 241,777	
Depreciation expense	<u>(473,316)</u>	(231,539)

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. (31,306)

Income surtax not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. (78,942)

The decrease in the Internal Service Funds net position reflects an undercharge to governmental activities for the services provided. Expenses in the Statement of Activities are adjusted to reflect this 40,990

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

Issued	(105,798)	
Repaid	<u>403,762</u>	297,964

(Continued on next page)

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

**Exhibit F
(Continued)**

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds to the
Statement of Activities**

Year ended June 30, 2020

*Amounts reported for governmental activities in the Statement of
Activities are different because (continued):*

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. \$ 2,964

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. 422,957

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

Early retirement	\$ (88,330)	
Pension expense	(592,431)	
OPEB expense	(8,159)	(688,920)

Change in net position of governmental activities (page 17) \$ 760,535

See notes to basic financial statements.

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

Exhibit G

**Statement of Net Position
Proprietary Funds**

June 30, 2020

	Business Type Activities School Nutrition Fund	Governmental Activities Internal Service Funds
Assets		
Current assets:		
Cash	\$ 71,045	\$ 233,060
Accounts receivable	7,271	-
Due from other funds	250	-
Inventories	21,252	-
Total current assets	<u>99,818</u>	<u>233,060</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	<u>2,254</u>	<u>-</u>
Total assets	<u>102,072</u>	<u>233,060</u>
Deferred Outflows of Resources		
Pension related deferred outflows	<u>56,625</u>	<u>-</u>
Liabilities		
Current liabilities:		
Salaries and benefits payable	13,893	5,384
Due to other funds	-	7,039
Unearned revenue	12,661	-
Total current liabilities	<u>26,554</u>	<u>12,423</u>
Noncurrent liabilities		
Net pension liability	<u>123,422</u>	<u>-</u>
Total noncurrent liabilities	<u>123,422</u>	<u>-</u>
Total liabilities	<u>149,976</u>	<u>12,423</u>

(Continued on next page)

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

**Exhibit G
(Continued)**

**Statement of Net Position
Proprietary Funds**

June 30, 2020

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>School Nutrition Fund</u>	<u>Internal Service Funds</u>
Deferred Inflows of Resources		
Pension related deferred inflows	\$ 30,512	\$ -
Total deferred inflows of resources	<u>30,512</u>	<u>-</u>
Net Position		
Net investment in capital assets	2,254	-
Unrestricted	<u>(24,045)</u>	<u>220,637</u>
Total net position	<u>\$ (21,791)</u>	<u>\$ 220,637</u>

See notes to basic financial statements.

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

Exhibit H

**Statement of Revenues, Expenses and Changes in
Net Position
Proprietary Funds**

Year ended June 30, 2020

	Business Type Activities	Governmental Activities
	School Nutrition Fund	Internal Service Funds
Operating Revenues:		
Local sources:		
Charges for services	\$ 141,329	\$ 817,745
Miscellaneous	2,487	-
Total operating revenue	<u>143,816</u>	<u>817,745</u>
Operating Expenses:		
Support services:		
Internal service operations:		
Benefits	-	777,492
Non-instructional programs:		
Food service operations:		
Salaries and benefits	152,044	-
Purchased services	1,603	-
Supplies	136,823	-
Other expense	3,071	-
Depreciation	507	-
Total operating expenses	<u>294,048</u>	<u>-</u>
Total operating expenses	<u>294,048</u>	<u>777,492</u>
Operating income (loss)	<u>(150,232)</u>	<u>40,253</u>
Non-operating revenues:		
Interest income	351	737
State sources	3,595	-
Federal sources	154,141	-
Total non-operating revenues	<u>158,087</u>	<u>737</u>
Change in net position	7,855	40,990
Net position beginning of year	<u>(29,646)</u>	<u>179,647</u>
Net position end of year	<u>\$ (21,791)</u>	<u>\$ 220,637</u>

See notes to basic financial statements.

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

Exhibit I

**Statement of Cash Flows
Proprietary Funds**

Year ended June 30, 2020

	Business Type Activities	Governmental Activities
	School Nutrition Fund	Internal Service Funds
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 143,554	\$ -
Cash received from other operating activities	2,487	817,745
Cash paid to employees for salaries and benefits	(158,613)	-
Cash paid to suppliers for goods or services	(116,655)	(765,069)
Net cash provided by (used in) operating activities	<u>(129,227)</u>	<u>52,676</u>
Cash flows from non-capital financing activities:		
State grants received	3,595	-
Federal grants received	119,320	-
Net cash provided by non-capital financing activities	<u>122,915</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>351</u>	<u>737</u>
Net increase (decrease) in cash	(5,961)	53,413
Cash beginning of year	<u>77,006</u>	<u>179,647</u>
Cash end of year	<u>\$ 71,045</u>	<u>\$ 233,060</u>

(Continued on next page)

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

**Exhibit I
(Continued)**

**Statement of Cash Flows
Proprietary Funds**

Year ended June 30, 2020

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>School Nutrition Fund</u>	<u>Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (150,232)	\$ 40,253
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	507	-
Commodities used	34,821	-
(Increase) in accounts receivable	(4,031)	-
(Increase) in inventories	(9,729)	-
(Increase) in due from other funds	(250)	-
(Increase) in deferred outflows of resources	(12,604)	-
Increase in accrued salaries and benefits	5,920	5,384
Increase in due to other funds	-	7,039
Increase in unearned revenue	6,256	-
(Decrease) in net pension liability	(5,382)	-
Increase in deferred inflows of resources	5,497	-
	<u>\$ (129,227)</u>	<u>\$ 52,676</u>
Net cash provided by (used in) operating activities	\$ (129,227)	\$ 52,676

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2020, the District received \$34,821 of federal commodities.

See notes to basic financial statements.

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

Exhibit J

**Statement of Fiduciary Net Position
Fiduciary Funds**

June 30, 2020

	<u>Private Purpose Trust Scholarship</u>
Assets	
Cash	\$ 12,302
Certificates of deposit	150,000
Accrued interest receivable	<u>76</u>
Total assets	<u>162,378</u>
Liabilities	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
Net Position	
Restricted for scholarships	<u>\$ 162,378</u>

See notes to basic financial statements.

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

Exhibit K

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds**

Year ended June 30, 2020

	<u>Private Purpose Trust Scholarship</u>
Additions	
Local sources:	
Contributions	\$ 5,350
Interest income	2,907
	<hr/>
Total additions	8,257
	<hr/>
Deductions	
Scholarships awarded	6,178
	<hr/>
Total deductions	6,178
	<hr/>
Change in net position	2,079
Net position beginning of year	160,299
	<hr/>
Net position end of year	<u>\$ 162,378</u>

See notes to basic financial statements.

SIoux CENTRAL COMMUNITY SCHOOL DISTRICT

NOTES TO BAIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Sioux Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades preschool through twelve. The geographic area served includes the Cities of Sioux Rapids, Rembrandt, Linn Grove, Webb, Gillett Grove, and Peterson, Iowa, and the agricultural area in Buena Vista, Clay, Cherokee and O'Brien Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity:

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

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but 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 Buena Vista and Clay County Assessor's Conference Boards.

B. Basis of Presentation:

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (continued):

Government-wide Financial Statements (continued) –

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

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

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

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

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

The District reports the following nonmajor proprietary funds:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The Internal Service Fund, which is used to account for the District's partially self-funded health insurance plan and flex benefits.

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

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting:

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as 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 1.50% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2019.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/ Net Position (continued):

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

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50
Improvements other than buildings	20-50
Furniture and equipment	5-15

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 expense 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.

Advances from Grantors – Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Unearned Revenue – Proprietary funds defer revenue recognition in connection with resources that have been received, but not earned. Unearned revenue in governmental funds arises when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenue consists of meal revenues collected for the services in the next school year.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (continued):

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

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

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

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within 60 days after year-end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, the unamortized portion of the net difference between projected and actual earnings on pension plan investments, 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:

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (continued):

Fund Balance (continued) –

Assigned – Amounts intended to be used for a specific purpose but does not meet the criteria to be classified as restricted or committed.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

F. Subsequent Events

Subsequent events have been evaluated through March 12, 2021, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2020, the District had investments in the Iowa Schools Joint Investment Trust District (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$516,864. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

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

Custodial Credit Risk – The District has no policy in place regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Note 2. Cash, Cash Equivalents and Pooled Investments (Continued)

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does have a formal investment policy that limits investment maturities to 397 days or less. The District’s investments consist of certificates of deposit that have original maturities of less than 397 days.

Note 3. Due from and Due to Other Funds

The details of the interfund receivables and payable at June 30, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects: Physical Plant and Equipment Levy	General	\$ 21,302
School Nutrition	General	250
Debt Service	General	7,267
General	Student Activity	100
General	Internal Service Fund	7,039
		<u>\$ 35,958</u>

The balances are to be repaid by June 30, 2021.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects, Statewide Sales, Services and Use Tax	<u>\$ 91,599</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 125,495	\$ -	\$ -	\$ 125,495
Total capital assets not being depreciated	125,495	-	-	125,495
Capital assets being depreciated:				
Buildings and improvements	14,763,734	55,417	-	14,819,151
Furniture and equipment	2,860,890	186,360	52,932	2,994,318
Total capital assets being depreciated	17,624,624	241,777	52,932	17,813,469
Less accumulated depreciation for:				
Buildings and improvements	3,660,158	293,068	-	3,953,226
Furniture and equipment	1,703,778	180,248	21,626	1,862,400
Total accumulated depreciation	5,363,936	473,316	21,626	5,815,626
Total capital assets being depreciated, net	12,260,688	(231,539)	(31,306)	11,997,843
Governmental activities capital assets, net	\$ 12,386,183	\$ (231,539)	\$ (31,306)	\$ 12,123,338
Business type activities:				
Furniture and equipment	\$ 77,065	\$ -	\$ -	\$ 77,065
Less accumulated depreciation	74,304	507	-	74,811
Business type activities capital assets, net	\$ 2,761	\$ (507)	\$ -	\$ 2,254

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 31,165
Support services:	
Operation and maintenance of plant	29,869
Transportation	90,738
Unallocated	321,544
Total depreciation - governmental activities	\$ 473,316
Business type activities:	
Food service operations	\$ 507

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Note 6. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2020 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 5,910,000	\$ -	\$ 325,000	\$ 5,585,000	\$ 330,000
Capital leases payable	361,627	105,798	78,762	388,663	118,411
Early retirement	51,920	104,096	15,766	140,250	25,500
Net pension liability	3,349,688	-	203,098	3,146,590	-
Total OPEB liability	945,150	-	162,009	783,141	-
Total	\$ 10,618,385	\$ 209,894	\$ 784,635	\$ 10,043,644	\$ 473,911
Business type activities:					
Net pension liability	\$ 128,804	\$ -	\$ 5,382	\$ 123,422	\$ -

General Obligation Bond – Details of the District’s June 30, 2020 general obligation bonded indebtedness is as follows:

Year Ending June 30	Interest Rate	Refunding Bond Issue August 5, 2014	
		Principal	Interest
2021	2.00	\$ 330,000	\$ 177,725
2022	3.00	340,000	171,125
2023	3.00	345,000	160,925
2024	3.00	355,000	150,575
2025	3.00	365,000	139,925
2026-2030	3.00-3.50	1,990,000	527,175
2031-2035	3.50	1,860,000	165,725
		\$ 5,585,000	\$ 1,493,175

During the year ended June 30, 2020, the District retired \$325,000 and \$184,225 of general obligation bonds principal and interest, respectively.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Note 6. Long-term Liabilities (Continued)

Capital Leases – As of June 30, 2020, equipment under a capital lease consists of five buses, computers and iPads. The buses had a capitalized cost of \$410,665. The computers and iPads were individually under the capitalization policy amount. Accumulated depreciation in the statement of net position and depreciation expense reported in the statement of activities in the amounts of \$201,055 and \$51,333 were recorded in 2020 relating to the buses. Future lease payments are summarized as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 118,411	\$ 10,168
2022	121,510	7,069
2022	148,742	3,887
	<u>\$ 388,663</u>	<u>\$ 21,124</u>

Early Retirement – The District has offered a voluntary early retirement plan to its certified employees. Eligible employees must be at least age 55 and employees must have completed at least 15 years of service as a full-time licensed employee to the District. Employees must complete an application which is required to be approved by the Board of Education. The District will provide insurance premium assistance to age 65 for the retiree. The amount of the assistance is the single insurance premium rate at the time of the retiree’s last year of employment. Early retirement benefits paid during the year ended June 30, 2020, totaled \$15,766. There were four retired individuals receiving benefits at June 30, 2020.

Note 7. Pension Plan

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Note 7. Pension Plan (Continued)

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

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

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

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

In fiscal year 2020, 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, 2020 were \$422,957.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the District reported a liability of \$3,270,012 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the District’s proportion was 0.056471%, which was an increase of 0.001503% from its proportion measured as of June 30, 2018.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Note 7. Pension Plan (Continued)

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued) – For the year ended June 30, 2020, the District recognized pension expense of \$448,238. At June 30, 2020, 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	\$ 9,065	\$ 117,573
Changes of assumptions	350,265	-
Net difference between projected and actual earnings on IPERS' investments	-	368,491
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	203,452	100,421
District contributions subsequent to the measurement date	422,957	-
Total	<u>\$ 985,739</u>	<u>\$ 586,485</u>

\$422,957 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2021	\$ 103,944
2022	(26,187)
2023	(47,197)
2024	(53,312)
2025	(951)
Total	<u>\$ (23,703)</u>

There were no non-employer contributing entities to IPERS.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Note 7. Pension Plan (Continued)

Actuarial Assumptions – The total pension liability in the June 30, 2019 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 June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0 %	5.60 %
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	100.0 %	

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Note 7. Pension Plan (Continued)

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

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension liability	\$ 5,806,485	\$ 3,270,012	\$ 1,142,446

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, 2020, the District reported payables to IPERS of \$0 for legally required District contributions and \$0 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

Note 8. Other Postemployment Benefit (OPEB)

Plan Description – The District administers a single-employer health 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 Sioux Central Community School District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	65
	<u>73</u>

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Note 8. Other Postemployment Benefit (OPEB) (Continued)

Total OPEB Liability – The District’s total OPEB liability of \$783,141 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 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, 2019)	3.00% per annum.
Rates of salary increase (effective June 30, 2019)	0.00% per annum including inflation.
Discount rate (effective June 30, 2019)	3.15% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2019)	6.00% per annum.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.15% 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 RP2014 Annuity Mortality Table (2/3 female, 1/3 male). Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability –

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 945,150
Changes for the year:	
Service cost	68,184
Interest	25,314
Changes in assumptions	(176,422)
Benefit payments	(79,085)
Net changes	<u>(162,009)</u>
Total OPEB liability end of year	<u>\$ 783,141</u>

Changes of assumptions reflect a change in the assumed retirement rate to better reflect that used by IPERS.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Note 8. Other Postemployment Benefit (OPEB) (Continued)

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 (2.15%) or 1% higher (4.15%) than the current discount rate.

	1% Decrease (2.15%)	Discount Rate (3.15%)	1% Increase (4.15%)
Total OPEB liability	\$ 832,134	\$ 783,141	\$ 738,564

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

	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	\$ 763,169	\$ 783,141	\$ 806,261

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the District recognized OPEB expense of \$70,269. At June 30, 2020, the District reported deferred inflows of resources related to OPEB from the following resources:

	Deferred Inflows of Resources
Changes in assumptions	\$ 162,240
Total	\$ 162,240

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

2021	\$ (14,182)
2022	(14,182)
2023	(14,182)
2024	(14,182)
2025	(14,182)
Thereafter	(91,330)
	<u>\$ (162,240)</u>

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Note 9. Risk Management

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

Note 10. Health Care Coverage

The District has a group health insurance policy which provides comprehensive medical coverage for eligible employees and, if elected, their spouses and dependents. The District self-insures certain employee eligible medical costs that are not reimbursed by the health insurance provider because the medical cost does not exceed the deductible and maximum out-of-pocket policy provision. Beginning July 1, 2015, employees pay out-of-pocket maximum of \$1,500 for single coverage or \$3,000 for family coverage.

The amount of deductibles and maximum out-of-pocket expenses self-insured are as follows:

	Deductible		Maximum Out-of-Pocket	
	Single	Family	Single	Family
HSA Plan	\$ 5,000	\$ 10,000	\$ 3,500	\$ 7,000
No HSA Plan	6,000	12,000	3,500	7,000

The District’s risk is limited to the difference between the out-of-pocket maximums of the two plans. The claims payable, including claims incurred but not yet reported, have been determined by the District’s management. Changes in the claim’s liability amount were as follows:

Liability, beginning of year	\$ 1,213
Current year claims and changes in estimates	53,438
Claim payments	(49,267)
Liability, end of year	<u>\$ 5,384</u>

Note 11. 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 \$221,154 for the year ended June 30, 2020 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Note 12. Lease Commitment

The District leases office equipment requiring monthly payments of \$641 and \$246 under non-cancellable operating lease agreements. The leases expire in August and November, 2022. The future minimum lease payments by year as of June 30, 2020 follows:

<u>Year Ending June 30,</u>	
2021	\$ 10,644
2022	10,644
2023	<u>2,512</u>
	<u>\$ 23,800</u>

Total lease expense for the year ended June 30, 2020 was \$10,644.

Note 13. 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 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 District's restricted fund balance for categorical funding in the General Fund at June 30, 2020 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Gifted and Talented	\$ 111,850
Teacher Salary Supplement	24,589
Successful Progression for Early Readers	50,304
Professional Development	52,879
At Risk	7,503
Teacher Leadership State Aid	36,568
Limited English Proficient	6,059
Miscellaneous	<u>96</u>
Total	<u>\$ 289,848</u>

Note 14. Significant Uncertainty

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. It is unknown how long the adverse conditions associated with COVID-19 will last and what the complete financial effect will be to the District.

REQUIRED SUPPLEMENTARY INFORMATION

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN BALANCES -- BUDGET AND ACTUAL --
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND**

Required Supplementary Information

Year ended June 30, 2020

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual
Revenues:			
Local sources	\$ 6,006,401	\$ 144,167	\$ 6,150,568
Intermediate sources	23,425	-	23,425
State sources	3,321,069	3,595	3,324,664
Federal sources	229,196	154,141	383,337
Total revenues	9,580,091	301,903	9,881,994
Expenditures/Expenses:			
Instruction	5,006,538	-	5,006,538
Support services	2,545,367	-	2,545,367
Non-instructional programs	-	294,048	294,048
Other expenditures	1,107,617	-	1,107,617
Total expenditures/expenses	8,659,522	294,048	8,953,570
Excess (deficiency) of revenues over (under) expenditures/expenses	920,569	7,855	928,424
Other financing sources, net	105,798	-	105,798
Change in fund balance	1,026,367	7,855	1,034,222
Balances, beginning of year	4,919,910	(29,646)	4,890,264
Balances, end of year	\$ 5,946,277	\$ (21,791)	\$ 5,924,486

See notes to required supplementary information - budgetary reporting.

Budgeted Amounts		Final to Actual Variance
Original	Final	
\$ 4,037,729	\$ 4,039,729	\$ 2,110,839
-	-	23,425
3,408,705	3,408,705	(84,041)
308,088	308,088	75,249
<u>7,754,522</u>	<u>7,756,522</u>	<u>2,125,472</u>
5,264,000	5,264,000	257,462
2,693,300	2,693,300	147,933
276,434	306,434	12,386
1,265,221	1,265,221	157,604
<u>9,498,955</u>	<u>9,528,955</u>	<u>575,385</u>
(1,744,433)	(1,772,433)	2,700,857
-	-	105,798
<u>(1,744,433)</u>	<u>(1,772,433)</u>	<u>2,806,655</u>
3,654,862	4,890,264	-
<u>\$ 1,910,429</u>	<u>\$ 3,117,831</u>	<u>\$ 2,806,655</u>

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information – Budgetary Reporting Year ended June 30, 2020

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$30,000.

SIoux CENTRAL COMMUNITY SCHOOL DISTRICT

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

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

Required Supplementary Information

	2020	2019	2018
District's proportion of the net pension liability	0.056471%	0.054968%	0.056801%
District's proportionate share of the net pension liability	\$ 3,270	\$ 3,478	\$ 3,784
District's covered payroll	\$ 4,298	\$ 4,139	\$ 4,237
District's proportionate share of the net pension liability as a percentage of its covered payroll	76.08%	84.03%	89.31%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%

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

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the District will present information for those years for which information is available.

See notes to required supplementary information - pension liability.

2017	2016	2015
0.050241%	0.052106%	0.058642%
\$ 3,162	\$ 2,574	\$ 2,373
\$ 4,075	\$ 4,038	\$ 4,037
77.60%	63.74%	58.78%
81.82%	85.19%	87.61%

SIoux CENTRAL COMMUNITY SCHOOL DISTRICT

Schedule of District Contributions

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

Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 423	\$ 406	\$ 370	\$ 378
Contributions in relation to the statutorily required contribution	<u>(423)</u>	<u>(406)</u>	<u>(370)</u>	<u>(378)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,484	\$ 4,298	\$ 4,139	\$ 4,237
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%

See notes to required supplementary information - pension liability.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 364	\$ 361	\$ 360	\$ 331	\$ 284	\$ 233
<u>(364)</u>	<u>(361)</u>	<u>(360)</u>	<u>(331)</u>	<u>(284)</u>	<u>(233)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,075	\$ 4,038	\$ 4,037	\$ 3,818	\$ 3,523	\$ 3,350
8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information – Pension Liability Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY,
RELATED RATIOS AND NOTES**

For the Last Three Years

Required Supplementary Information

	2020	2019	2018
Service cost	\$ 68,184	\$ 65,246	\$ 75,606
Interest cost	25,314	28,069	28,859
Changes in assumptions	(176,422)	8,426	22,408
Benefit payments	(79,085)	(37,873)	(43,076)
Net change in total OPEB liability	(162,009)	63,868	83,797
Total OPEB liability beginning of year	945,150	881,282	797,485
Total OPEB liability end of year	\$ 783,141	\$ 945,150	\$ 881,282
Covered-employee payroll	\$ 4,456,302	\$ 4,297,610	\$ 3,149,231
Total OPEB liability as a percentage of covered-employee payroll	17.57%	21.99%	27.98%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2020	3.15%
Year ended June 30, 2019	3.15%
Year ended June 30, 2018	3.72%
Year ended June 30, 2017	3.72%

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the District will present information for those years for which information is available.

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

	<u>Special Revenue Fund</u>		
	<u>Student Activity</u>	<u>Management Levy</u>	<u>Total</u>
Assets			
Cash	\$ 164,558	\$ 570,474	\$ 735,032
Receivables:			
Property tax:			
Delinquent	-	2,808	2,808
Succeeding year	-	400,001	400,001
Total assets	<u>\$ 164,558</u>	<u>\$ 973,283</u>	<u>\$ 1,137,841</u>
 Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Due to other funds	\$ 100	\$ -	\$ 100
Total liabilities	<u>100</u>	<u>-</u>	<u>100</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	400,001	400,001
Total deferred inflows of resources	<u>-</u>	<u>400,001</u>	<u>400,001</u>
Fund balances:			
Restricted for:			
Student activities	164,458	-	164,458
Management levy purposes	-	573,282	573,282
Total fund balances	<u>164,458</u>	<u>573,282</u>	<u>737,740</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 164,558</u>	<u>\$ 973,283</u>	<u>\$ 1,137,841</u>

**Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds**

Year ended June 30, 2020

	<u>Special Revenue Fund</u>		
	<u>Student Activity</u>	<u>Management Levy</u>	<u>Total</u>
Revenues:			
Local sources:			
Local tax	\$ -	\$ 400,040	\$ 400,040
Other	177,103	5,038	182,141
State sources	-	958	958
Total revenues	<u>177,103</u>	<u>406,036</u>	<u>583,139</u>
Expenditures:			
Current:			
Instruction:			
Regular	-	40,380	40,380
Other	135,449	-	135,449
Support services:			
Administration	5,544	40,833	46,377
Operation and maintenance of plant	-	137,230	137,230
Total expenditures	<u>140,993</u>	<u>218,443</u>	<u>359,436</u>
Change in fund balances	36,110	187,593	223,703
Fund balances beginning of year	<u>128,348</u>	<u>385,689</u>	<u>514,037</u>
Fund balances end of year	<u>\$ 164,458</u>	<u>\$ 573,282</u>	<u>\$ 737,740</u>

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2020

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expenditures	Balance End of Year
Senior High/Junior High	\$ 53,844	\$ 79,354	\$ 60,237	\$ 72,961
Athletics	71,019	97,749	80,756	88,012
Elementary	3,485	-	-	3,485
Total	\$ 128,348	\$ 177,103	\$ 140,993	\$ 164,458

Combining Balance Sheet
Capital Projects Fund Accounts

June 30, 2020

		Capital Projects		
		State wide	Physical Plant	
		Sales, Services and Equipment		
		and Use Tax	Levy	Total
Assets				
Cash		\$ 442,891	\$ 108,081	\$ 550,972
Certificates of Deposit		528,941	-	528,941
Receivables:				
Property tax:				
Succeeding year		-	93,878	93,878
Accounts		17,115	-	17,115
Accrued interest		1,834	-	1,834
Due from other funds		-	21,302	21,302
Due from other governments		42,159	-	42,159
Total assets		\$ 1,032,940	\$ 223,261	\$ 1,256,201
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable		\$ 67,194	\$ 1,250	\$ 68,444
Total liabilities		67,194	1,250	68,444
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax		-	93,878	93,878
Total deferred inflows of resources		-	93,878	93,878
Fund balances:				
Restricted for:				
School infrastructure		965,746	-	965,746
Physical plant and equipment		-	128,133	128,133
Total fund balances		965,746	128,133	1,093,879
Total liabilities, deferred inflows of resources and fund balances		\$ 1,032,940	\$ 223,261	\$ 1,256,201

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

Year ended June 30, 2020

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	\$ 94,200	\$ 94,200
Other	46,591	18,791	65,382
State sources	500,739	225	500,964
Total revenues	547,330	113,216	660,546
Expenditures:			
Current:			
Instruction:			
Regular	105,910	107,274	213,184
Support services:			
Instructional staff	11,406	26,358	37,764
Administration	54,832	20,310	75,142
Operation and maintenance of plant	3,124	1,577	4,701
Transportation	46,463	-	46,463
Other expenditures:			
Facilities acquisition	245,516	39,524	285,040
Total expenditures	467,251	195,043	662,294
Excess (deficiency) of revenues over (under) expenditures	80,079	(81,827)	(1,748)
Other financing sources (uses):			
Proceeds from capital lease purchase	-	105,798	105,798
Transfers out	(91,599)	-	(91,599)
Total other financing sources (uses)	(91,599)	105,798	14,199
Change in fund balances	(11,520)	23,971	12,451
Fund balances beginning of year	977,266	104,162	1,081,428
Fund balances end of year	\$ 965,746	\$ 128,133	\$ 1,093,879

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

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

For the Last Ten Years

	2020	2019	2018	2017
Revenues:				
Local sources:				
Local tax	\$ 3,485,871	\$ 3,173,403	\$ 3,089,052	\$ 2,985,161
Tuition	1,986,429	1,808,923	1,402,662	1,467,436
Other	534,101	599,734	534,767	370,279
Intermediate sources	23,425	2,000	-	-
State sources	3,321,069	3,557,284	2,979,913	3,325,299
Federal sources	229,196	260,339	318,966	369,496
Other sources	-	-	-	-
Total revenues	\$ 9,580,091	\$ 9,401,683	\$ 8,325,360	\$ 8,517,671
Expenditures:				
Instruction:				
Regular	\$ 2,837,123	\$ 2,743,954	\$ 2,437,562	\$ 2,763,528
Special	1,192,060	1,121,944	1,109,621	1,175,171
Other	977,355	1,041,606	1,057,116	1,030,586
Support services:				
Student	243,566	211,192	163,127	119,420
Instructional staff	285,525	338,685	300,245	264,379
Administration	975,708	919,989	828,875	828,002
Operation and maintenance				
of plant	690,495	734,595	608,862	626,947
Transportation	350,073	382,095	394,292	375,843
Central support	-	-	-	-
Other expenditures:				
Structural improvements	-	-	-	-
Facilities acquisition	285,040	291,649	434,281	1,489,498
Long-term debt:				
Principal	403,762	423,684	466,612	464,394
Interest and other charges	197,661	201,413	208,562	208,499
AEA flowthrough	221,154	218,699	213,092	208,840
Total expenditures	\$ 8,659,522	\$ 8,629,505	\$ 8,222,247	\$ 9,555,107

Schedule 6

Modified Accrual Basis					
2016	2015	2014	2013	2012	2011
\$ 3,354,137	\$ 3,155,931	\$ 3,327,608	\$ 3,230,641	\$ 3,315,163	\$ 3,265,777
1,144,806	1,133,593	1,288,979	1,085,095	1,253,756	1,155,335
391,863	325,890	358,337	333,037	312,808	649,242
4,320	-	-	-	-	-
2,548,145	2,606,739	2,538,211	2,411,562	2,545,097	2,243,327
384,650	342,850	293,466	317,903	325,629	333,253
2,768	-	-	-	-	-
\$ 7,830,689	\$ 7,565,003	\$ 7,806,601	\$ 7,378,238	\$ 7,752,453	\$ 7,646,934
\$ 2,667,022	\$ 2,791,718	\$ 2,430,404	\$ 2,421,082	\$ 2,225,366	\$ 2,277,927
1,164,908	1,175,874	1,341,826	1,126,781	1,114,336	1,021,201
1,040,127	1,004,310	866,118	918,623	1,122,083	727,608
127,984	135,131	162,410	150,719	103,514	155,029
163,804	175,364	135,534	181,719	181,419	141,741
521,754	550,951	525,880	517,220	549,537	505,791
601,806	558,825	609,156	579,660	529,119	488,137
518,128	404,766	419,199	316,660	414,380	360,703
226,421	192,585	170,427	153,300	165,387	103,071
-	-	30,632	49,757	3,509	-
4,914,688	1,686,154	99,092	25,094	19,232	103,621
383,066	358,482	266,053	662,643	656,930	641,276
211,432	160,848	9,886	19,960	30,543	38,478
207,660	209,372	200,425	190,165	187,670	200,352
\$ 12,748,800	\$ 9,404,380	\$ 7,267,042	\$ 7,313,383	\$ 7,303,025	\$ 6,764,935

SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT

**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**



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

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

To the Board of Education of
Sioux Central Community School District

We have audited 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, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Sioux Central Community School District as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 12, 2021.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Cost as item 2020-001 (II-A-20) to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2020 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.

Sioux Central Community School District's Responses to the Findings

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

Purpose of this Report

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

Schnur & Company, LLP

Fort Dodge, Iowa
March 12, 2021

SIoux CENTRAL COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

PART I: SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS:

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

Instances of Non-compliance:

No matters were noted.

Internal Control Deficiencies:

2020-001 Segregation of Duties
II-A-20

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

Condition: Journal entries are initiated, processed and approved by the same person.

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

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

Recommendation: We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

Schedule of Findings and Questioned Costs (Continued)

Year ended June 30, 2020

PART III: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

- III-A-20 Certified Budget – Expenditures for the year ended June 30, 2020, did not exceed the amended certified budget.
- III-B-20 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- III-C-20 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- III-D-20 Business Transactions – No business transactions between the District and District officials or employees were noted.
- III-E-20 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.
- III-F-20 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.
- III-G-20 Board Minutes – No transactions requiring board approval that had not been approved by the board were noted.
- III-H-20 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- III-I-20 Supplemental Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- III-J-20 Deposits and Investments – Except as noted below, no instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District's investment policy were noted.

The District adopted a depository resolution naming each depository which may hold funds for the District, along with the maximum amount that may be kept on deposit. During the year, the District exceeded the maximum amount at its bank.

Recommendation – The District's depository resolution should be revised prior to exceeding the maximum amount authorized to be maintained in an approved depository.

Response – The District will review its depository resolution and make appropriate revisions.

Conclusion – Response accepted.

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

PART III: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING (Continued):

- III-K-20 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.

- III-L-20 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds were noted.

- III-M-20 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2020, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance	\$	977,266
Revenues:		
Sales tax revenue	\$	500,739
Other local revenue		46,591
		547,330
Expenditures/transfers out:		
Equipment		218,611
Other improvements		248,640
Transfers to other funds:		
Debt service		91,599
		558,850
Ending balance		\$ 965,746

For the year ended June 30, 2020, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.