

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2020

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GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT

Officials

June 30, 2020

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

Jamie Whitmer	President	2021
David Kistenmacher	Vice President	2021
Matthew Wittrock	Board Member	2021
Don Kalin	Board Member	2021
Grant Aschinger	Board Member	2023
Heather Pribble	Board Member	2023
Jeff Witzke	Board Member	2023

School Officials

Jon Wiebers	Superintendent	2021
Natalie Kliegl	District Secretary/Treasurer	2021
Rick Franck	Attorney	2021

Kay L. Chapman, CPA PC

116 Harrison Street
Muscatine, Iowa 52761
563-264-1385
kchapman@cpakay.com

Independent Auditor's Report

To the Board of Education of
Galva-Holstein Community School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Galva-Holstein Community School District, Holstein, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I 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, I 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.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Disclaimer of Opinion

The financial statements of the Galva-Holstein Community School District Foundation have not been audited, and I was not engaged to audit the Foundation financial statements as part of my audit of the Galva-Holstein Community School District's basic financial statements. The Foundation's financial statements are included in the District's financial statements as a discretely presented component unit. Because I was not engaged to audit the Foundation's financial statements and because I did not apply any auditing procedures to the Foundation's financial statements, I do not express an opinion on the discretely presented component unit.

Disclaimer of Opinion

Because the Foundation's financial statements have not been audited, the scope of my work was not sufficient to enable me to express, and I do not express, an opinion on the financial statements of the discretely presented component unit of the Galva-Holstein Community School District, as of and for the year ended June 30, 2020.

Opinions

In my 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 Galva-Holstein 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 12 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. I 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 my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Galva-Holstein Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the five years ended June 30, 2015 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, 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 my 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, I have also issued my report dated January 21, 2021 on my consideration of Galva-Holstein Community School District's internal control over financial reporting and on my 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 my 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 Galva-Holstein Community School District's internal control over financial reporting and compliance.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC

January 21, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Galva-Holstein 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 \$6,227,187 in fiscal year 2019 to \$6,524,017 in fiscal year 2020, and General Fund expenditures increased from \$6,063,242 in fiscal year 2019 to \$6,166,877 in fiscal year 2020. The District's General Fund balance increased from \$2,621,968 at the end of fiscal year 2019 to \$2,979,108 at the end of fiscal year 2020, 13% increase.
- The fiscal year 2020 General Fund revenue increase was mostly attributable to an increase in both state and federal funding. State sources saw an increase of almost \$294,000 over prior year while federal sources increased by \$73,000. The 1.7% increase in expenditures is attributed to increases in instructional staff salaries, health services and facilities repairs.

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 Galva-Holstein 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 Galva-Holstein Community School 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 Galva-Holstein 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 and enterprise funds.

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 the District's assets, deferred outflows of resources, liabilities and deferred inflows of

resources, with the difference reported as net position. All 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 and daycare program are included here.

Fund Financial Statements

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

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show 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 Funds.

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

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

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

- 3) *Fiduciary fund:* The District is the trustee, or fiduciary, for assets that belong to others. This fund consists of a Private-Purpose Trust Fund.
 - 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.

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		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-2020
Current and other assets	\$16,541,562	\$ 7,525,920	\$ 72,009	\$ 6,428	\$ 16,613,571	\$ 7,532,348	120.56%
Capital assets	<u>7,149,168</u>	<u>5,395,874</u>	<u>13,534</u>	<u>15,602</u>	<u>7,162,702</u>	<u>5,411,476</u>	32.36%
Total assets	<u>23,690,730</u>	<u>12,921,794</u>	<u>85,543</u>	<u>22,030</u>	<u>23,776,273</u>	<u>12,943,824</u>	83.69%
Deferred outflows of resources	<u>604,568</u>	<u>743,256</u>	<u>18,485</u>	<u>23,469</u>	<u>623,053</u>	<u>766,725</u>	-18.74%
Long-term liabilities	13,768,723	4,761,648	75,163	79,586	13,843,886	4,841,234	185.96%
Other liabilities	<u>626,853</u>	<u>300,369</u>	<u>4,322</u>	<u>1,178</u>	<u>631,175</u>	<u>301,547</u>	109.31%
Total liabilities	<u>14,395,576</u>	<u>5,062,017</u>	<u>79,485</u>	<u>80,764</u>	<u>14,475,061</u>	<u>5,142,781</u>	181.46%
Deferred inflows of resources	<u>3,582,733</u>	<u>3,254,562</u>	<u>50,301</u>	<u>31,372</u>	<u>3,633,034</u>	<u>3,285,934</u>	10.56%
Net position							
Net investment in capital assets	4,101,790	3,480,874	13,534	15,602	4,115,324	3,496,476	17.70%
Restricted	2,100,248	1,581,326	-	-	2,100,248	1,581,326	32.82%
Unrestricted	<u>114,951</u>	<u>286,271</u>	<u>(39,292)</u>	<u>(82,239)</u>	<u>75,659</u>	<u>204,032</u>	-62.92%
Total net position	<u>\$ 6,316,989</u>	<u>\$ 5,348,471</u>	<u>\$ (25,758)</u>	<u>\$ (66,637)</u>	<u>\$ 6,291,231</u>	<u>\$ 5,281,834</u>	19.11%

The District's total net position increased by 19%, or \$1,009,397, from the prior year due to the continued building projects in the District.

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 \$518,922 or 33% over the prior year. This increase is due in large part to the increased cash from the GO bond sale which can only be used for project expenses and is thus restricted.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$128,373, or 63%. This decrease is due to the shift of revenues from local sources which are unrestricted, to state and federal sources which are restricted. Fiscal year 2020 showed an increase of

state and federal revenues of \$367,000 over prior year, while local sources showed a decrease of approximately \$28,000.

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
Change in Net Position

Revenues	Governmental Activities		Business Type Activities		Total District		Total Change 2019-2020
	2020	2019	2020	2019	2020	2019	
Program revenues							
Charges for service and sales	\$ 1,575,646	\$ 1,455,123	\$ 231,393	\$ 193,518	\$ 1,807,039	\$ 1,648,641	9.61%
Operating grants	1,216,397	1,000,530	191,950	119,500	1,408,347	1,120,030	25.74%
General revenues							
Property tax	3,345,835	3,114,673	-	-	3,345,835	3,114,673	7.42%
Statewide sales, services and use tax	475,196	454,312	-	-	475,196	454,312	4.60%
Unrestricted state grants	1,742,731	1,591,203	-	-	1,742,731	1,591,203	9.52%
Contributions and donations	5,333	69,933	-	-	5,333	69,933	-92.37%
Unrestricted investment earnings	212,312	77,400	1,364	1,164	213,676	78,564	171.98%
Other	95,941	65,491	-	-	95,941	65,491	46.49%
Total revenues	<u>8,669,391</u>	<u>7,828,665</u>	<u>424,707</u>	<u>314,182</u>	<u>9,094,098</u>	<u>8,142,847</u>	11.68%
Program expenses							
Governmental activities							
Instruction	4,526,219	4,535,338	-	-	4,526,219	4,535,338	-0.20%
Support services	1,907,045	1,934,676	-	-	1,907,045	1,934,676	-1.43%
Non-instructional programs	10,074	1,272	383,828	306,560	393,902	307,832	27.96%
Other expenses	1,254,220	707,179	-	-	1,254,220	707,179	77.36%
Total expenses	<u>7,697,558</u>	<u>7,178,465</u>	<u>383,828</u>	<u>306,560</u>	<u>8,081,386</u>	<u>7,485,025</u>	7.97%
Change in net position before special item	971,833	650,200	40,879	7,622	1,012,712	657,822	53.95%
Special item - loss on disposal of capital assets	(3,315)	(4,787,587)	-	-	(3,315)	(4,787,587)	99.93%
Change in net position	968,518	(4,137,387)	40,879	7,622	1,009,397	(4,129,765)	124.44%
Net position, beginning of year	<u>5,348,471</u>	<u>9,485,858</u>	<u>(66,637)</u>	<u>(74,259)</u>	<u>5,281,834</u>	<u>9,411,599</u>	-43.88%
Net position, end of year	<u>\$ 6,316,989</u>	<u>\$ 5,348,471</u>	<u>\$ (25,758)</u>	<u>\$ (66,637)</u>	<u>\$ 6,291,231</u>	<u>\$ 5,281,834</u>	19.11%

In fiscal year 2020, property tax and unrestricted state grants account for approximately 58% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest account for almost 100% of business type activities revenues. The District's total revenues were \$9,094,098, of which \$8,669,391 was for governmental activities and \$424,707 was for business type activities. The District's expenses primarily relate to instruction and support services, which account for approximately 80% of the total expenses.

As shown in figure A-2, the District as a whole experienced a 12% increase in revenues and an 8% increase in expenses. The increase in revenues resulted from an increase in land values which translated to more revenue in property tax, an increase in state grants due to the increased student enrollment from prior year and the new transportation equity aid, increased donations, and finally an increase in investment earnings due to favorable interest rates with the District's local banks. The largest area for increased expenses was for "other expenses" as expenditures grew in the construction of the new gym, ag education and industrial tech area. Non-instructional program expenditures also

increased by almost 28%. This increase was due to the District's daycare center in response to community needs and its continued growth.

Governmental Activities

Revenues for governmental activities were \$8,669,391 and expenses were \$7,697,558 for the year ended June 30, 2020. This is an increase in revenues of 10% and an increase in expenses of 7%.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2020 compared to those expenses for 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	\$ 4,526,219	\$ 4,535,338	-0.2%	\$ 2,201,994	\$ 2,444,727	-9.9%
Support services	1,907,045	1,934,676	-1.4%	1,640,086	1,758,233	-6.7%
Non-instructional programs	10,074	1,272	692.0%	10,074	1,272	-692.0%
Other expenses	<u>1,254,220</u>	<u>707,179</u>	77.4%	<u>1,053,361</u>	<u>518,580</u>	103.1%
Total expenses	<u>\$ 7,697,558</u>	<u>\$ 7,178,465</u>	7.2%	<u>\$ 4,905,515</u>	<u>\$ 4,722,812</u>	3.9%

For the year ended June 30, 2020:

- The cost financed by users of the District's programs was \$1,575,646.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,216,397.
- The net cost of governmental activities was financed with \$3,821,031 of property and other taxes and \$1,742,731 of unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2020 were \$424,707, representing an increase of approximately 35% over the prior year, while expenses totaled \$383,828, an increase of approximately 25% over the prior year. The District's business type activities include the School Nutrition Fund and a Daycare Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2020, the District's nutrition program revenues increased by 16% while expenses increased by about 4% resulting in an increased fund balance. The District's daycare showed increased revenues of 50% as participation in the program grew. Expenses also increased by 58%. Fortunately, the generous partnership with a local business makes the daycare program sustainable.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$12,407,260, significantly above last year's ending fund balances of \$4,061,078. This was due to the sale of GO bonds in the amount of almost \$10 million.

Governmental Fund Highlights

- The District's General Fund financial position is the result of the District's expenditures being less than the District's revenues, therefore the District did not have to use carryover fund balance to meet its financial obligations during the year and was able to show an increase in fund balance of \$357,140.
- The Capital Projects Building Project Fund balances increased by \$7,652,857. The increase is due to the revenues generated in the bond sale.
- The Debt Service Fund balance increased by \$18,527 during the year. The amount levied exceeded the District's debt obligations resulting in an increased fund balance.
- **Proprietary Fund Highlights**

Proprietary Fund net position increased from \$(66,637) at June 30, 2019 to \$(25,758) at June 30, 2020 an increase of approximately 61%. The improvement in net position is reflected in the overall increased revenues and decreased expenditures, however the related expenses for the net OPEB liability left the net position of the proprietary fund in a negative state.

BUDGETARY HIGHLIGHTS

The District's receipts were \$558,568 more than budgeted receipts, a variance of approximately 6%. Actual property tax, tuition/transportation, earnings on investments, state foundation aid and federal sources revenues were all under-estimated.

Total expenditures were \$6,227,688 less than budgeted, due primarily to the timing of expenditures for the building project. Expenses were budgeted high in case the construction moved more quickly than it did.

In spite of the District's budgetary practice, the certified budget was exceeded in the support services area as unanticipated additional expenses due to COVID-19 were incurred, and in the non-instructional program as higher than anticipated expenses in food service and daycare were the reality.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had invested \$7,162,702, 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) More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$370,082.

The original cost of the District's capital assets was \$16,826,934. Governmental funds account for \$16,686,703, with the remainder of \$140,231 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category, which increased from \$1,080,664 at June 30, 2019 to \$1,662,490 at June 30, 2020. This increase was a result of the continuation of the building project started in 2018.

Figure A-4

	Capital Assets, Net of Depreciation						
	Governmental		Business-Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2019-2020</u>
Land	\$ 304,818	\$ 254,818	\$ -	\$ -	\$ 304,818	\$ 254,818	19.62%
Construction in progress	1,662,490	1,080,664	-	-	1,662,490	1,080,664	53.84%
Buildings and improvements	4,321,105	3,206,295	-	-	4,321,105	3,206,295	34.77%
Improvements, other than buildings	83,480	93,335	-	-	83,480	93,335	-10.56%
Furniture and equipment	<u>777,275</u>	<u>760,762</u>	<u>13,534</u>	<u>15,602</u>	<u>790,809</u>	<u>776,364</u>	1.86%
Totals	<u>\$7,149,168</u>	<u>\$5,395,874</u>	<u>\$ 13,534</u>	<u>\$15,602</u>	<u>\$7,162,702</u>	<u>\$5,411,476</u>	32.36%

Long-Term Debt

At June 30, 2020 the District had \$13,843,886 in total long-term debt outstanding. This represents a increase of approximately 186% over last year. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District bonds are not rated.

The Constitution of the State of Iowa limits the amount of debt school districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding bonded and note indebtedness is significantly below its constitutional debt limit of approximately \$13.4 million.

In April 2019, the District's voters authorized the issuance of \$9,565,000 of general obligation bonds to pay for the remodeling of administrative offices. Planning for the project started in fiscal year 2018 and the bonds were sold in fiscal year 2020.

Figure A-5
Outstanding Long-term Obligations

	Total		Total
	District		Change
	June 30,		June 30,
	<u>2020</u>	<u>2019</u>	<u>2019-2020</u>
Governmental activities			
Revenue bonds	\$ 1,765,000	\$1,915,000	-7.83%
General obligation bonds	8,940,000	-	100.00%
Bond premium	408,133	-	100.00%
Termination benefits	65,600	82,000	-20.00%
Compensated absences	15,217	16,947	-10.21%
Net pension liability	2,432,303	2,652,127	-8.29%
Net OPEB liability	<u>142,470</u>	<u>95,574</u>	49.07%
	13,768,723	4,761,648	189.16%
Business type activities			
Net pension liability	<u>75,163</u>	<u>79,586</u>	-5.56%
Total	<u>\$13,843,886</u>	<u>\$4,841,234</u>	185.96%

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 which could significantly affect its financial health in the future:

- School financing is highly dependent upon student enrollment. The District's October 2019 total weighted enrollment showed an increase of 15.51 which will result in approximately \$107,000 additional funding in 2020-2021. The District, with an increasing unspent authorized budget, will concentrate on using the funds for non-recurring expenses to benefit the students without compromising the District's future financial health.
- The District is in a one year 2.86% negotiated agreement with teachers.
- The District continues to be proactive regarding projects to maintain our buildings and grounds. Projects for the building and grounds in the 2019-2020 school year focused mainly on the construction of a new industrial tech/agriculture education area, a competitive gym and daycare space in Holstein which is scheduled for completion in the fall of 2021..
- The District will begin its 11th year (2020-2021) of a whole grade sharing agreement involving grades 6-12 with the Schaller-Crestland Community School District. We will also continue the sharing of superintendent, especially as the state continues the supplemental weightings for operational sharing.

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 Natalie Kliegl, District Secretary/Treasurer and Business Manager, Galva-Holstein Community School District, 519 East Maple Street, Holstein, IA 51025.

Basic Financial Statements

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

Exhibit A

	Governmental Activities	Business Type Activities	Total	Component Unit Foundation
Assets				
Cash, cash equivalents and pooled investments	\$ 12,675,646	\$ 58,089	\$12,733,735	\$423,968
Receivables				
Property tax				
Delinquent	14,071	-	14,071	-
Succeeding year	3,239,525	-	3,239,525	-
Accounts receivable	2,276	-	2,276	-
Income surtax	320,248	-	320,248	-
Due from other governments	273,296	19,569	292,865	-
Due from other fund	16,500	(16,500)	-	-
Inventories	-	10,851	10,851	-
Non-depreciable capital assets	1,967,308	-	1,967,308	-
Capital assets, net of accumulated depreciation	5,181,860	13,534	5,195,394	-
Total assets	<u>23,690,730</u>	<u>85,543</u>	<u>23,776,273</u>	<u>423,968</u>
Deferred Outflows of Resources				
Pension related deferred outflows	604,568	18,485	623,053	-
Liabilities				
Accounts payable	540,678	4,322	545,000	-
Advances from grantors	33,851	-	33,851	-
Accrued interest payable	52,324	-	52,324	-
Long-term liabilities				
Portion due within one year				
General obligation bonds payable	360,000	-	360,000	-
Revenue bonds payable	155,000	-	155,000	-
Unamortized bond premium	24,008	-	24,008	-
Termination benefits payable	16,400	-	16,400	-
Portion due after one year				
General obligation bonds payable	8,580,000	-	8,580,000	-
Revenue bonds payable	1,610,000	-	1,610,000	-
Unamortized bond premium	384,125	-	384,125	-
Termination benefits payable	49,200	-	49,200	-
Compensated absences payable	15,217	-	15,217	-
Net pension liability	2,432,303	75,163	2,507,466	-
Total OPEB liability	142,470	-	142,470	-
Total liabilities	<u>14,395,576</u>	<u>79,485</u>	<u>14,475,061</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable property tax revenue	3,239,525	-	3,239,525	-
Unearned revenue	-	3,765	3,765	-
Pension related deferred inflows	343,208	46,536	389,744	-
Total deferred inflows of resources	<u>3,582,733</u>	<u>50,301</u>	<u>3,633,034</u>	<u>-</u>

See notes to Financial Statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

Exhibit A

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>	<u>Component Unit Foundation</u>
Net Position				
Net investment in capital assets	\$ 4,101,790	\$ 13,534	\$ 4,115,324	\$ -
Restricted for				
Categorical funding	253,721	-	253,721	-
Management levy purposes	1,073,678	-	1,073,678	-
Physical plant and equipment	296,476	-	296,476	-
Student activities	82,816	-	82,816	-
School infrastructure	393,557	-	393,557	-
Assigned for scholarships	-	-	-	423,968
Unrestricted	<u>114,951</u>	<u>(39,292)</u>	<u>75,659</u>	<u>-</u>
Total net position	<u>\$ 6,316,989</u>	<u>\$(25,758)</u>	<u>\$ 6,291,231</u>	<u>\$423,968</u>

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2020

Exhibit B

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Component Unit	
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Primary Government		
					Governmental Activities		Business Type Activities
Governmental activities							
Instruction							
Regular instruction	\$ 2,895,961	\$ 887,543	\$ 912,271	\$ -	\$ (1,096,147)	\$ (1,096,147)	
Special instruction	722,887	394,243	92,806	-	(235,838)	(235,838)	
Other instruction	907,371	27,375	9,987	-	(870,009)	(870,009)	
	4,526,219	1,309,161	1,015,064	-	(2,201,994)	(2,201,994)	
Support services							
Student	167,633	-	-	-	(167,633)	(167,633)	
Instructional staff	84,831	39,208	-	-	(45,623)	(45,623)	
Administration	795,684	159,177	-	-	(636,507)	(636,507)	
Operation and maintenance of plant	456,300	-	-	-	(456,300)	(456,300)	
Transportation	402,597	68,100	474	-	(334,023)	(334,023)	
	1,907,045	266,485	474	-	(1,640,086)	(1,640,086)	
	10,074	-	-	-	(10,074)	(10,074)	
Non-instructional programs							
Other expenses							
Facilities acquisition	397,569	-	-	-	(397,569)	(397,569)	
Long-term debt interest and administration costs	425,787	-	-	-	(425,787)	(425,787)	
AEA flowthrough	200,859	-	200,859	-	-	-	
Depreciation (unallocated) *	230,005	-	-	-	(230,005)	(230,005)	
	1,254,220	-	200,859	-	(1,053,361)	(1,053,361)	
	7,697,558	1,575,646	1,216,397	-	(4,905,515)	(4,905,515)	
Total governmental activities							

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2020

Exhibit B

Functions/Programs (continued)	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Component Unit
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Primary Government	
Business type activities						
Non-instructional programs						
Food service operations	\$ 260,767	\$ 112,183	\$ 190,450	\$ -	\$ 41,866	
Daycare program	123,061	119,210	1,500	-	(2,351)	
Total business type activities	383,828	231,393	191,950	-	39,515	
Total primary government	8,081,386	1,807,039	1,408,347	-	39,515	
Component Unit					(4,905,515)	(4,866,000)
Foundation	-	-	-	-	-	\$108,009
General Revenues						
Property tax levied for						
General purposes					2,279,440	-
Debt service					953,368	-
Capital outlay					113,027	-
Statewide sales, services and use tax					475,196	-
Unrestricted state grants					1,742,731	-
Contributions and donations					5,333	-
Unrestricted investment earnings					212,312	-
Other					95,941	-
Special item - loss on disposal of fixed assets					(3,315)	-
Total general revenues and special item					5,874,033	(3,315)
Change in net position					1,364	5,875,397
Net position beginning of year					40,879	1,009,397
Net position end of year					(66,637)	5,281,834
					\$ (25,758)	\$423,968

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

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2020

Exhibit C

	<u>General</u>	<u>Capital Projects Building Project</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets					
Cash, cash equivalents and pooled investments	\$2,868,593	\$8,038,080	\$ 13,891	\$ 1,755,082	\$12,675,646
Receivables					
Property tax					
Delinquent	8,766	-	4,636	669	14,071
Succeeding year	2,076,880	-	964,248	198,397	3,239,525
Accounts receivable	2,014	-	-	262	2,276
Income surtax	160,124	-	-	160,124	320,248
Due from other governments	233,232	-	-	40,064	273,296
Due from other funds	16,500	-	-	-	16,500
Total assets	<u>\$5,366,109</u>	<u>\$8,038,080</u>	<u>\$982,775</u>	<u>\$2,154,598</u>	<u>\$16,541,562</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 116,146	\$ 416,718	\$ -	\$ 7,814	\$ 540,678
Advances from grantors	33,851	-	-	-	33,851
Total liabilities	<u>149,997</u>	<u>416,718</u>	<u>-</u>	<u>7,814</u>	<u>574,529</u>
Deferred inflows of resources					
Unavailable revenues					
Succeeding year property tax	2,076,880	-	964,248	198,397	3,239,525
Income surtax	160,124	-	-	160,124	320,248
Total deferred inflows of resources	<u>2,237,004</u>	<u>-</u>	<u>964,248</u>	<u>358,521</u>	<u>3,559,773</u>
Fund balances					
Restricted for:					
Categorical funding	253,721	-	-	-	253,721
Debt service	-	-	18,527	-	18,527
Management levy purposes	-	-	-	1,139,278	1,139,278
Student activities	-	-	-	82,816	82,816
School infrastructure	-	7,621,362	-	429,817	8,051,179
Physical plant and equipment	-	-	-	136,352	136,352
Unassigned	2,725,387	-	-	-	2,725,387
Total fund balances	<u>2,979,108</u>	<u>7,621,362</u>	<u>18,527</u>	<u>1,788,263</u>	<u>12,407,260</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$5,366,109</u>	<u>\$8,038,080</u>	<u>\$982,775</u>	<u>\$2,154,598</u>	<u>\$16,541,562</u>

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 June 30, 2020

Exhibit D

Total fund balances of governmental funds	\$12,407,260
 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.	7,149,168
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.	320,248
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.	(52,324)
Pension 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	\$ 604,568
Deferred inflows of resources	<u>(343,208)</u>
	261,360
Long-term liabilities, including bonds payable, termination benefits, other postemployment benefits payable and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(13,768,723)</u>
 Net position of governmental activities	 <u>\$ 6,316,989</u>

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

Exhibit E

	<u>General</u>	<u>Capital Projects Building Project</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Local sources					
Local tax	\$2,105,715	\$ -	\$ 945,706	\$ 170,733	\$ 3,222,154
Tuition	720,057	-	-	-	720,057
Other	723,584	127,987	1,414	156,071	1,009,056
State sources	2,768,088	-	7,662	476,289	3,252,039
Federal sources	206,573	-	-	-	206,573
Total revenues	<u>6,524,017</u>	<u>127,987</u>	<u>954,782</u>	<u>803,093</u>	<u>8,409,879</u>
Expenditures					
Current					
Instruction					
Regular	2,751,278	-	-	18,450	2,769,728
Special	701,647	-	-	-	701,647
Other	748,804	-	-	119,727	868,531
	<u>4,201,729</u>	<u>-</u>	<u>-</u>	<u>138,177</u>	<u>4,339,906</u>
Support services					
Student	154,490	-	-	-	154,490
Instructional staff	89,945	-	-	16,785	106,730
Administration	745,040	24,288	-	-	769,328
Operation and maintenance of plant	392,180	-	-	81,440	473,620
Transportation	372,717	-	-	73,507	446,224
	<u>1,754,372</u>	<u>24,288</u>	<u>-</u>	<u>171,732</u>	<u>1,950,392</u>
Non-instructional programs	9,917	-	-	-	9,917
Other expenditures					
Facilities acquisition	-	2,085,339	-	273,822	2,359,161
Long-term debt					
Principal	-	-	775,000	-	775,000
Interest and fiscal charges	-	-	366,020	-	366,020
AEA flowthrough	200,859	-	-	-	200,859
	<u>200,859</u>	<u>2,085,339</u>	<u>1,141,020</u>	<u>273,822</u>	<u>3,701,040</u>
Total expenditures	<u>6,166,877</u>	<u>2,109,627</u>	<u>1,141,020</u>	<u>583,731</u>	<u>10,001,255</u>

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

Exhibit E

	<u>General</u>	<u>Capital Projects Building Project</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 357,140	\$(1,981,640)	\$(186,238)	\$ 219,362	\$(1,591,376)
Other financing sources (uses)					
General obligation bonds issued	-	9,565,000	-	-	9,565,000
Premium on general obligation bonds	-	432,141	-	-	432,141
Discount on general obligation bonds	-	(59,583)	-	-	(59,583)
Transfers in	-	-	204,765	303,061	507,826
Transfers (out)	-	(303,061)	-	(204,765)	(507,826)
Total other financing sources	-	<u>9,634,497</u>	<u>204,765</u>	<u>98,296</u>	<u>9,937,558</u>
Change in fund balances	357,140	7,652,857	18,527	317,658	8,346,182
Fund balance, beginning of year	<u>2,621,968</u>	<u>(31,495)</u>	-	<u>1,470,605</u>	<u>4,061,078</u>
Fund balance, end of year	<u>\$2,979,108</u>	<u>\$ 7,621,362</u>	<u>\$ 18,527</u>	<u>\$ 1,788,263</u>	<u>\$12,407,260</u>

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances - Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2020

Exhibit F

Change in fund balances - total governmental funds		\$8,346,182
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 and capital outlay expenditures in the current year are as follows:		
Expenditures for capital assets	\$2,123,474	
Loss on disposal of capital assets	(3,315)	
Depreciation expense	<u>(366,865)</u>	1,753,294
Because some revenues will not be collected for several months after the year end, they are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds.		259,512
Amortization of the premium on bond issuance did not provide current financial resources and, therefore, is not reported as revenue in the governmental funds. However, the annual amortization is reported as revenue in the Statement of Activities.		24,008
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 issuances and repayments are as follows:		
Issued	(9,565,000)	
Repaid	775,000	
Premium	<u>(432,141)</u>	(9,222,141)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Compensated absences	1,730	
Termination benefits	16,400	
Pension expense	(456,692)	
Other postemployment benefits	<u>(46,896)</u>	(485,458)
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.		(24,192)
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.		<u>317,313</u>
Change in net position of governmental activities		<u>\$ 968,518</u>

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2020

Exhibit G

	<u>Nonmajor Enterprise Funds</u>
Assets	
Current assets	
Cash, cash equivalents	\$ 58,089
Due from other governments	19,569
Inventories	10,851
Total current assets	<u>88,509</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	13,534
Total assets	<u>102,043</u>
 Deferred Outflows of Resources	
Pension related deferred outflows	<u>18,485</u>
 Liabilities	
Current liabilities	
Accounts payable	4,322
Due to other funds	16,500
Total current liabilities	<u>20,822</u>
Noncurrent liabilities	
Net pension liability	75,163
Total liabilities	<u>95,985</u>
 Deferred inflows of resources	
Unearned revenue	3,765
Pension related deferred inflows	46,536
Total deferred inflows of resources	<u>50,301</u>
 Net Position	
Investment in capital assets	13,534
Unrestricted	(39,292)
Total net position	<u>\$ (25,758)</u>

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

Exhibit H

	Nonmajor Enterprise Funds
Operating revenue	
Local sources	
Charges for service	<u>\$231,393</u>
Operating expenses	
Non-instructional programs	
Food service operations	
Salaries	69,816
Benefits	25,986
Purchased services	1,376
Supplies	154,212
Miscellaneous	6,160
Depreciation	<u>3,217</u>
Daycare program	<u>260,767</u>
Salaries	84,998
Benefits	21,183
Supplies	<u>16,880</u>
	<u>123,061</u>
Total operating expenses	<u>383,828</u>
Operating (loss)	<u>(152,435)</u>
Non-operating revenue	
Interest income	1,364
State sources	2,000
Federal sources	<u>189,950</u>
Total non-operating revenue	<u>193,314</u>
Change in net position	40,879
Net position beginning of year	<u>(66,637)</u>
Net position end of year	<u><u>\$ (25,758)</u></u>

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

Exhibit I

	Nonmajor Enterprise Funds
Cash flows from operating activities	
Cash received from sale of services	\$ 236,629
Cash payments to employees for services	(190,993)
Cash payments to suppliers for goods and services	(153,111)
Net cash (used in) operating activities	<u>(107,475)</u>
Cash flows from non-capital financing activities	
State grants received	2,000
Federal grants received	142,767
Net cash provided by non-capital financing activities	<u>144,767</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	<u>(1,149)</u>
Cash flows from investing activities	
Interest on investments	1,364
Net increase in cash and cash equivalents	37,507
Cash and cash equivalents, beginning of year	20,582
Cash and cash equivalents, end of year	<u>\$ 58,089</u>
Reconciliation of operating (loss) to net cash (used in) operating activities	
Operating (loss)	\$(152,435)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities	
Depreciation	3,217
Commodities used	27,614
Change in assets and liabilities:	
Accounts receivable	5,236
Inventories	(5,241)
Deferred outflows of resources	4,984
Accounts payable	3,144
Due to other funds	(8,500)
Net pension liability	(4,423)
Deferred inflows of resources	18,929
Net cash (used in) operating activities	<u>\$(107,475)</u>

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2020, the District received 27,614 of federal commodities.

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2020

Exhibit J

	<u>Private Purpose Trust Scholarships</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 26,927
Liabilities	<u> -</u>
Net position	<u>\$ 26,927</u>

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2020

Exhibit K

	<u>Private Purpose Trust</u> <u>Scholarships</u>
Additions	
Local sources	
Interest	\$ 1,000
Deductions	
Instruction, regular	
Scholarships	<u>1,000</u>
Change in net position	
Net position beginning of year	<u>-</u> <u>26,927</u>
Net position end of year	<u>\$ 26,927</u>

See notes to financial statements.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies

Galva-Holstein Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Galva and Holstein, Iowa, and the predominately agricultural territory in a portion of Ida, Cherokee, Buena Vista and Sac 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, Galva-Holstein 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. Galva-Holstein Community School District has one component unit which meets the Governmental Accounting Standards Board criteria. The Galva-Holstein Community School District Foundation is included in the financial statements as a discretely presented component unit, because of the nature and significance of its relationship with the Galva-Holstein Community School District.

Discretely Presented Component Unit

The Galva-Holstein Community School District Foundation was established to maintain, develop, increase and extend the facilities and services of the Galva-Holstein Community School District, and to provide broader educational service opportunities to its students, staff, faculty and the residents of the geographical area which it serves. The Foundation has a December 31 year-end. The Foundation does not produce separately prepared financial statements. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented. The Foundation is accounted for as a Governmental Fund in these financial statements. The Foundation financial statements are shown in the Statement of Net Position and the Statement of Activities in separate columns. As explained in the Independent Auditor's opinion, the Foundation financial statements have not been audited.

Jointly Governed Organizations

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

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all 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.

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, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The District reports the following major governmental funds:

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

The Capital Projects - Building Project Fund is used to account for all resources and expenditures used in the remodeling of the administration offices building project.

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 District reports no major proprietary funds; however, it reports two nonmajor proprietary funds. The District's School Nutrition Fund is used to account for the food service operations of the District and the Daycare Fund is used to account for the daycare operations of the District.

The District also reports a fiduciary fund which focuses on net position and changes in net position. The District's fiduciary fund consists of the following:

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

C. Measurement Focus and Basis of Accounting

The government-wide, 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, judgments and early retirement 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 which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

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

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, Cash Equivalents and Pooled Investments - 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.

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

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 a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % 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.

Capital Assets - Capital assets, which include property, furniture and equipment and intangibles are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost 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	\$ 500
Buildings	\$30,000
Improvements other than buildings	\$30,000
Intangibles	\$30,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 1,000

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

<u>Asset Class</u>	<u>Useful Life</u>
Buildings	50 years
Improvements to buildings	5-20 years
Intangibles	3-20 years
Furniture and equipment	5-10 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

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, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

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

Compensated Absences - Certain District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees who have resigned or retired. The compensated absence liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Termination Benefits - District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on rates of pay in effect at June 30, 2020. The early retirement liability attributable to the governmental activities will be paid primarily from the Management Fund.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches.

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 and OPEB expense, information has been determined based on the Galva-Holstein 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 income surtax not collected within sixty 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, and unrecognized items not yet charged to pension expense.

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.

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.

Unassigned - All amounts not included in the preceding classifications.

Net Position - In the district-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Net position restricted through enabling legislation includes \$296,476 for physical plant and equipment, \$82,816 for student activities, \$393,557 for school infrastructure and \$1,073,678 for management levy purposes.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, expenditures exceeded the amounts budgeted in the support services and non-instructional programs functional areas.

F. Estimates

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

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 Diversified Portfolio which are valued at an amortized cost of \$651,230. 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.

Credit Risk. This is the risk that a security's credit rating will be downgraded or that the issuer of a security or a guarantor will default (fail to make scheduled interest and principal payments or fail to fulfill its promise to repurchase securities). The investments in the ISJIT were rated AAAM by Standard & Poor's Financial Services. The District places no limit on the amount that may be invested in any one issuer.

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

Component Unit Investments - The Foundation had investments in mutual funds as follows:

Mutual funds \$423,968

Note 3. Due from and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major governmental General	Nonmajor Enterprise Daycare	\$ 16,500

The Daycare Fund owes the General Fund for salaries and benefits at June 30, 2020. This balance will be repaid during the year ending June 30, 2021.

Note 4. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Nonmajor capital projects Physical Plant and Equipment Levy	Major capital projects Building Project	\$ 303,061
Major governmental Debt Service	Capital Projects Statewide Sales, Service and Use Tax	<u>204,765</u>
		<u>\$ 507,826</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfer from the Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was for principal and interest payments on debt. The transfer from the Building Project Fund to the Physical Plant and Equipment Levy Fund was to reimburse for expenditures related to the construction project.

Note 5. Capital Assets

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

<u>Governmental activities</u>	<u>Balance, Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, End of Year</u>
Capital assets not being depreciated:				
Land	\$ 254,818	\$ 50,000	\$ -	\$ 304,818
Construction in progress	<u>1,080,664</u>	<u>1,662,490</u>	<u>(1,080,664)</u>	<u>1,662,490</u>
Total capital assets, not being depreciated	<u>1,335,482</u>	<u>1,712,490</u>	<u>(1,080,664)</u>	<u>1,967,308</u>

Capital assets being depreciated:				
Buildings and improvements	7,914,479	1,327,180	(11,050)	9,230,609
Improvements other than buildings	823,638	-	-	823,638
Furniture and equipment	<u>4,500,680</u>	<u>164,468</u>	<u>-</u>	<u>4,665,148</u>
Total capital assets being depreciated	<u>13,238,797</u>	<u>1,491,648</u>	<u>(11,050)</u>	<u>14,719,395</u>
Less accumulated depreciation for:				
Buildings and improvements	4,708,184	209,055	(7,735)	4,909,504
Improvements other than buildings	730,303	9,855	-	740,158
Furniture and equipment	<u>3,739,918</u>	<u>147,955</u>	<u>-</u>	<u>3,887,873</u>
Total accumulated depreciation	<u>9,178,405</u>	<u>366,865</u>	<u>(7,735)</u>	<u>9,537,535</u>
Total capital assets being depreciated, net	<u>4,060,392</u>	<u>1,124,783</u>	<u>(3,315)</u>	<u>5,181,860</u>
Governmental activities capital assets, net	<u>\$ 5,395,874</u>	<u>\$ 2,837,273</u>	<u>\$(1,083,979)</u>	<u>\$ 7,149,168</u>

Business type activities

Furniture and equipment	\$ 170,771	\$ -	\$ (30,540)	\$ 140,231
Less accumulated depreciation	<u>155,169</u>	<u>3,217</u>	<u>(31,689)</u>	<u>126,697</u>
Business type activities capital assets, net	<u>\$ 15,602</u>	<u>\$ (3,217)</u>	<u>\$ 1,149</u>	<u>\$ 13,534</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction	
Regular	\$ 63,839
Special	2,228
Other	12,656
Support services	
Student support	6,956
Administration	1,779
Operation and maintenance of plant	2,431
Transportation	<u>46,971</u>
	136,860
Unallocated depreciation	<u>230,005</u>
Total governmental activities depreciation expense	<u>\$ 366,865</u>

Business type activities

Food services	<u>\$ 3,217</u>
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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					
Revenue bonds	\$ 1,915,000	\$ -	\$ 150,000	\$ 1,765,000	155,000
General obligation bonds	-	9,565,000	625,000	8,940,000	360,000
Termination benefits	82,000	-	16,400	65,600	16,400
Compensated absences	16,947	-	1,730	15,217	-
Net pension liability	2,652,127	-	219,824	2,432,303	-
OPEB liability	95,574	46,896	-	142,470	-
Totals	<u>\$ 4,761,648</u>	<u>\$ 9,611,896</u>	<u>\$ 1,012,954</u>	<u>\$ 13,360,590</u>	<u>\$ 531,400</u>
Business type activities					
Net pension liability	<u>\$ 79,586</u>	<u>\$ -</u>	<u>\$ 4,423</u>	<u>\$ 75,163</u>	<u>\$ -</u>

Interest costs incurred and charged to expense on all long-term debt was \$425,787 for the year ended June 30, 2020. During the year ended June 30, 2020, the District made principal payments on total long-term debt of \$775,000.

Termination Benefits

The District offered a voluntary early retirement plan to its full-time employees during fiscal year 2019. Eligible employees must have completed at least twenty years of continuous full service to the Galva-Holstein Community School District and must have reached the age of fifty-five on or before June 30 of the calendar year in which early retirement commences. The application for early retirement benefits is subject to approval by the Board of Education.

Under the plan certified staff retirees are eligible to continue participation in the District's group insurance plan by meeting the requirements of the insurer. The District will pay no more than \$8,200 per year towards the cost of the employee-only insurance. The insurance coverage shall cease when the retiree reaches the age for Medicare eligibility, secures other employment in which the employer provides insurance coverage, or dies.

At June 30, 2020, the District had two retirees receiving benefits and reported \$65,600 of termination benefit liabilities. There were \$16,400 of early retirement expenditures for the year ended June 30, 2020 paid from the Management Fund.

Revenue Bonds

Details of the District's June 30, 2020 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond issue of August 2013			
	Interest Rates	Principal	Interest	Total
2021	2.20%	\$ 155,000	\$ 51,560	\$ 206,560
2022	2.40%	160,000	47,935	207,935
2023	2.60%	165,000	43,870	208,870
2024	2.80%	170,000	39,345	209,345
2025	2.95%	175,000	34,384	209,384
2026-2030	3.20-3.55%	<u>940,000</u>	<u>82,281</u>	<u>1,022,281</u>
Totals		<u>\$ 1,765,000</u>	<u>\$ 299,375</u>	<u>\$ 2,064,375</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,590,000 bonds issued August 2013. The bonds were issued for the purpose of financing a portion of the costs of a new school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 45% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$2,064,375 at June 30, 2020. For the current year, \$150,000 of principal and \$54,765 of interest was paid on the bonds. Total statewide sales, services and use tax revenues were \$475,196 for the year ended June 30, 2020.

General Obligation Bonds

Details of the District's June 30, 2020 general obligation indebtedness are as follows:

Year Ending June 30,	Bond Issue of July 1, 2019			
	Interest Rates	Principal	Interest	Total
2021	5.00%	\$ 360,000	\$ 308,300	\$ 668,300
2022	5.00%	385,000	290,300	675,300
2023	5.00%	395,000	271,050	666,050
2024	5.00%	420,000	251,300	671,300
2025	5.00%	445,000	230,300	675,300
2026-2030	3.00%	2,540,000	890,100	3,430,100
2031-2035	3.00%	2,965,000	486,900	3,451,900
2036-2037	3.00%	<u>1,430,000</u>	<u>64,500</u>	<u>1,494,500</u>
Totals		<u>\$ 8,940,000</u>	<u>\$ 2,792,750</u>	<u>\$ 11,732,750</u>

On July 1, 2019, the District issued \$9,565,000 of general obligation bonds for remodeling of the administrative offices. The bonds bear interest at rates ranging from 3.0-5.0% per annum. During the year ended June 30, 2020, principal and interest paid were \$625,000 and \$311,253, respectively.

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.

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 totaled \$317,313.

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 \$2,507,466 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 0.043013%, which was a decrease of 0.000168 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$139,379. 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 <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 6,951	\$ 90,155
Changes of assumptions	268,585	-
Net difference between projected and actual earnings on IPERS' investments	-	282,561
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	30,204	17,028
District contributions subsequent to the measurement date	<u>317,313</u>	-
Total	<u>\$ 623,053</u>	<u>\$389,744</u>

\$317,313 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 <u>June 30,</u>	
2021	\$ 67,804
2022	(58,324)
2023	(41,954)
2024	(45,517)
2025	<u>(6,013)</u>
Total	<u>\$ (84,004)</u>

There were no non-employer contributing entities to IPERS.

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% annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the 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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
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	(.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100.0%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$4,452,450	\$2,507,466	\$876,035

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 no payables to IPERS for legally required District contributions or for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

Note 8. Other Postemployment Benefits (OPEB)

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>45</u>
Total	<u>58</u>

Total OPEB Liability - The District's total OPEB liability of \$142,470 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actual 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, 2020)	2.75% per annum.
Rates of salary increase (effective June 30, 2020)	0%, OPEB directly determined by years of service, not salary
Discount rate (effective June 30, 2020)	3.15% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	6.0% 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 SOA RPH-2019 total dataset mortality table fully generational using Scale MP-2019. 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

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 95,574
Changes for the year:	
Service cost	11,777
Interest	4,929
Differences between expected and actual experiences	53,866
Recognition of deferred inflows/outflows	(13,363)
Benefit payments	(10,313)
Net changes	46,896
Total OPEB liability end of year	\$ 142,470

Changes of assumptions reflect a change in the discount rate from 3.72% in fiscal year 2019 to 3.15% in fiscal year 2020.

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	\$153,300	\$142,470	\$132,636

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.0%) or 1% higher (7.0%) than the current healthcare cost trend rates.

	1% Decrease (5.0%)	Healthcare Cost Trend Rate (6.0%)	1% Increase (7.0%)
Total OPEB liability	\$128,308	\$142,470	\$159,000

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2020, the District recognized OPEB benefit of \$46,896. At June 30, 2020, the District reported no deferred inflows or outflows of resources related to OPEB.

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. 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 \$200,859 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.

Note 11. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Note 12. Categorical Funding

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

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2020.

<u>Program</u>	
Gifted and Talented	\$ 29,006
Teacher leadership	33,369
Preschool fund balance	79,826
Teacher salary supplement	53,693
Early literacy	20,142
Educator quality, professional development	<u>37,685</u>
	<u>\$ 253,721</u>

Note 13. Deficit Net Position

The District's Enterprise Fund - School Nutrition Fund had negative unrestricted net position of \$16,012 and negative total net position of \$2,478 at June 30, 2020. The Enterprise Fund-Daycare Fund had negative unrestricted net position and total net position of \$23,280 at June 30, 2020. The Total Enterprise Funds and Business Type Activities also had negative unrestricted net position of \$39,292 and negative total net position of \$25,758 at June 30, 2020.

Note 14. Tax Abatements

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

Tax Abatements of Other Entities

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Holstein	Economic development projects	\$ 31,703
Ida County	Economic development projects	3,852
Ida County	Urban revitalization projects	64,437

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2020, this reimbursement amounted to \$24,824.

Note 15. Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

Note 16. Construction Commitment

The District entered into contracts totaling \$10,872,309 for the remodeling of the central business office. As of June 30, 2020, costs of \$3,214,687 had been incurred against the contracts. The balance of \$7,657,622 remaining at June 30, 2020 will be paid as work on the project progresses.

Note 17. Subsequent Events

The District has evaluated subsequent events through January 21, 2021 which is the date that the financial statements were available to be issued.

In October 2020, the District authorized the issuance of \$2,720,000 of general obligation bonds.

Required Supplementary Information

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
 All Governmental Funds and Proprietary Funds
 Required Supplementary Information
 For the Year Ended June 30, 2020

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Total <u>Actual</u>	Budgeted Amounts <u>Original</u>	<u>Final</u>	Final to Actual <u>Variance</u>
Revenues						
Local sources	\$ 4,951,267	\$ 232,757	\$ 5,184,024	\$ 4,878,286	\$ 4,878,286	\$ 305,738
State sources	3,252,039	2,000	3,254,039	3,198,332	3,198,332	55,707
Federal sources	206,573	189,950	396,523	199,400	199,400	197,123
Total revenues	<u>8,409,879</u>	<u>424,707</u>	<u>8,834,586</u>	<u>8,276,018</u>	<u>8,276,018</u>	<u>558,568</u>
Expenditures/Expenses						
Instruction	4,339,906	-	4,339,906	4,583,600	4,583,600	243,694
Support services	1,950,392	-	1,950,392	1,796,400	1,796,400	(153,992)
Non-instructional programs	9,917	383,828	393,745	346,350	346,350	(47,395)
Other expenditures	3,701,040	-	3,701,040	9,886,421	9,886,421	6,185,381
Total expenditures/expenses	<u>10,001,255</u>	<u>383,828</u>	<u>10,385,083</u>	<u>16,612,771</u>	<u>16,612,771</u>	<u>6,227,688</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(1,591,376)	40,879	(1,550,497)	(8,336,753)	(8,336,753)	6,786,256
Net other financing sources	<u>9,937,558</u>	<u>-</u>	<u>9,937,558</u>	<u>9,400,000</u>	<u>9,400,000</u>	<u>537,558</u>
Change in fund balance	8,346,182	40,879	8,387,061	1,063,247	1,063,247	7,323,814
Balance, beginning of year	<u>4,061,078</u>	<u>(66,637)</u>	<u>3,994,441</u>	<u>3,902,890</u>	<u>3,902,890</u>	<u>91,551</u>
Balance, end of year	<u>\$12,407,260</u>	<u>\$ (25,758)</u>	<u>\$12,381,502</u>	<u>\$ 4,966,137</u>	<u>\$4,966,137</u>	<u>\$ 7,415,365</u>

See accompanying Independent Auditor's Report.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the 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. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund. 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 did not amend its certified budget.

During the year ended June 30, 2020, expenditures in the support services and non-instructional programs functions exceeded the amounts budgeted.

GALVA-HOLSTEIN 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*
Required Supplementary Information

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.043013%	0.043181%	0.042941%	0.043356%	0.041603%	0.04235%
District's proportionate share of the net pension liability	\$2,507,466	\$2,731,713	\$2,834,810	\$2,703,749	\$2,068,196	\$1,679,882
District's covered payroll	\$3,291,013	\$3,235,025	\$3,149,853	\$3,065,722	\$2,864,991	\$2,771,733
District's proportionate share of the net pension liability as a percentage of its covered payroll	76.19%	84.44%	90.00%	88.19%	72.19%	60.61%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

*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 10-year trend is compiled, the District will present information for those years for which information is available.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
 Schedule of District Contributions
 Iowa Public Employees' Retirement System
 For the Last Ten Years
 Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Statutorily required contribution	\$ 317,313	\$ 310,672	\$ 288,888	\$ 281,282	\$ 273,769	\$ 255,844	\$ 247,516	\$ 232,878	\$ 198,940	\$ 169,615
Contributions in relation to the statutorily required contribution	<u>(317,313)</u>	<u>(310,672)</u>	<u>(288,888)</u>	<u>(281,282)</u>	<u>(273,769)</u>	<u>(255,844)</u>	<u>(247,516)</u>	<u>(232,878)</u>	<u>(198,940)</u>	<u>(169,615)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$3,361,371	\$3,291,013	\$3,235,025	\$3,149,853	\$3,065,722	\$ 2,864,991	\$2,771,733	\$2,686,021	\$2,465,186	\$2,440,503
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

See accompanying Independent Auditor's Report.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Pension Liability
For the 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 payroll growth assumption from 4.00% to 3.25%.

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

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

Galva-Holstein 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	\$ 11,777	\$ 9,160	\$ 9,160
Interest cost	4,929	3,898	3,826
Recognition of deferred inflows/outflows	(13,363)	(10,015)	(5,568)
Changes in assumptions	53,866	-	-
Benefit payments	(10,313)	(5,918)	(4,810)
Net change in total OPEB liability	46,896	(2,875)	2,608
Total OPEB liability beginning of year	95,574	98,449	95,841
Total OPEB liability end of year	<u>\$ 142,470</u>	<u>\$ 95,574</u>	<u>\$ 98,449</u>
Covered-employee payroll	\$ 3,318,383	\$ 3,404,363	\$ 3,247,759
Total OPEB liability as a percentage of covered -employee payroll	4.29%	2.81%	3.03%

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	3.72%
Year ended June 30,2018	3.72%
Year ended June 30,2017	2.50%

Supplementary Information

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Schedule 1

Assets	Special Revenue		Capital Projects		Total
	Student Activity	Management Levy	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Cash, cash equivalents and pooled investments	\$84,374	\$1,139,135	\$ 389,753	\$141,820	\$1,755,082
Receivables					
Property tax					
Delinquent	-	143	-	526	669
Succeeding year	-	93,401	-	104,996	198,397
Accounts receivable	262	-	-	-	262
Income surtax	-	-	-	160,124	160,124
Accrued interest receivable	-	-	-	-	-
Due from other governments	-	-	40,064	-	40,064
Total assets	<u>\$84,636</u>	<u>\$1,232,679</u>	<u>\$ 429,817</u>	<u>\$407,466</u>	<u>\$2,154,598</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 1,820	\$ -	\$ -	\$ 5,994	\$ 7,814
Deferred inflows of resources					
Unavailable revenue					
Succeeding year property tax	-	93,401	-	104,996	198,397
Income surtax	-	-	-	160,124	160,124
Total deferred inflows of resources	<u>-</u>	<u>93,401</u>	<u>-</u>	<u>265,120</u>	<u>358,521</u>
Fund balances					
Restricted for					
Student activities	82,816	-	-	-	82,816
Management levy purposes	-	1,139,278	-	-	1,139,278
School infrastructure	-	-	429,817	-	429,817
Physical plant and equipment	-	-	-	136,352	136,352
Total fund balances	<u>82,816</u>	<u>1,139,278</u>	<u>429,817</u>	<u>136,352</u>	<u>1,788,263</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$84,636</u>	<u>\$1,232,679</u>	<u>\$ 429,817</u>	<u>\$407,466</u>	<u>\$2,154,598</u>

See accompanying Independent Auditor's Report.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

Schedule 2

Revenues	Special Revenue		Capital Projects		Total
	Student Activity	Management Levy	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
	-	-	-	-	
Local sources					
Local taxes	\$ -	\$ 28,222	\$ -	\$142,511	\$ 170,733
Other	137,174	647	17,488	762	156,071
State sources	-	211	475,196	882	476,289
Total revenues	137,174	29,080	492,684	144,155	803,093
Expenditures					
Current					
Instruction					
Regular	-	18,450	-	-	18,450
Other	119,727	-	-	-	119,727
Total instruction	119,727	18,450	-	-	138,177
Support services					
Instructional staff	-	-	-	16,785	16,785
Operation and maintenance of plant	-	81,440	-	-	81,440
Transportation	-	20,005	-	53,502	73,507
Total support services	-	101,445	-	70,287	171,732
Other expenditures					
Facilities acquisition	-	-	-	273,822	273,822
Total expenditures	119,727	119,895	-	344,109	583,731
Excess (deficiency) of revenues over (under) expenditures	17,447	(90,815)	492,684	(199,954)	219,362
Other financing sources (uses)					
Interfund operating transfers in	-	-	-	303,061	303,061
Interfund operating transfers (out)	-	-	(204,765)	-	(204,765)
Total other financing sources (uses)	-	-	(204,765)	303,061	98,296
Change in fund balances	17,447	(90,815)	287,919	103,107	317,658
Fund balances, beginning of year	65,369	1,230,093	141,898	33,245	1,470,605
Fund balances, end of year	\$82,816	\$1,139,278	\$ 429,817	\$136,352	\$1,788,263

See accompanying Independent Auditor's Report.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2020

Schedule 3

	<u>School Nutrition</u>	<u>Daycare</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 54,659	\$ 3,430	\$ 58,089
Due from other governments	19,569	-	19,569
Inventories	10,851	-	10,851
Total current assets	85,079	3,430	88,509
Noncurrent assets			
Capital assets, net of accumulated depreciation	13,534	-	13,534
Total assets	98,613	3,430	102,043
Deferred Outflows of Resources			
Pension related deferred outflows	18,485	-	18,485
Liabilities			
Current liabilities			
Accounts payable	4,223	99	4,322
Due to other funds	-	16,500	16,500
Total liabilities	4,223	16,599	20,822
Noncurrent liabilities			
Net pension liability	75,163	-	75,163
Total liabilities	79,386	16,599	95,985
Deferred inflows of resources			
Unearned revenue	3,765	-	3,765
Pension related deferred inflows	36,425	10,111	46,536
	40,190	10,111	50,301
Net Position			
Investment in capital assets	13,534	-	13,534
Unrestricted	(16,012)	(23,280)	(39,292)
Total net position	\$ (2,478)	\$(23,280)	\$ (25,758)

See accompanying Independent Auditor's Report.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2020

Schedule 4

	<u>School Nutrition</u>	<u>Daycare</u>	<u>Total</u>
Operating revenue			
Local sources			
Charges for service	\$ 112,183	\$119,210	\$ 231,393
Operating expenses			
Non-instructional programs			
Food service operations			
Salaries	69,816	-	69,816
Benefits	25,986	-	25,986
Purchased services	1,376	-	1,376
Supplies	154,212	-	154,212
Miscellaneous	6,160	-	6,160
Depreciation	3,217	-	3,217
	<u>260,767</u>	<u>-</u>	<u>260,767</u>
Daycare program			
Salaries	-	84,998	84,998
Benefits	-	21,183	21,183
Supplies	-	16,880	16,880
	<u>-</u>	<u>123,061</u>	<u>123,061</u>
Total operating expenses	<u>260,767</u>	<u>123,061</u>	<u>383,828</u>
Operating (loss)	<u>(148,584)</u>	<u>(3,851)</u>	<u>(152,435)</u>
Non-operating revenue			
Interest income	850	514	1,364
State sources	2,000	-	2,000
Federal sources	188,450	1,500	189,950
Total non-operating revenue	<u>191,300</u>	<u>2,014</u>	<u>193,314</u>
Change in net position	42,716	(1,837)	40,879
Net position, beginning of year	<u>(45,194)</u>	<u>(21,443)</u>	<u>(66,637)</u>
Net position, end of year	<u>\$ (2,478)</u>	<u>\$ (23,280)</u>	<u>\$ (25,758)</u>

See accompanying Independent Auditor's Report.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2020

Schedule 5

	<u>School</u>		
	<u>Nutrition</u>	<u>Daycare</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from sale of services	\$ 117,419	\$119,210	\$ 236,629
Cash payments to employees for services	(86,423)	(104,570)	(190,993)
Cash payments to suppliers for goods and services	(135,699)	(17,412)	(153,111)
Net cash (used in) operating activities	<u>(104,703)</u>	<u>(2,772)</u>	<u>(107,475)</u>
Cash flows from non-capital financing activities			
State grants received	2,000	-	2,000
Federal grants received	141,267	1,500	142,767
Net cash provided by non-capital financing activities	<u>143,267</u>	<u>1,500</u>	<u>144,767</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	<u>(1,149)</u>	-	<u>(1,149)</u>
Cash flows from investing activities			
Interest on investments	850	514	1,364
Net increase (decrease) in cash and cash equivalents	38,265	(758)	37,507
Cash and cash equivalents, beginning of year	16,394	4,188	20,582
Cash and cash equivalents, end of year	<u>\$ 54,659</u>	<u>\$ 3,430</u>	<u>\$ 58,089</u>
 Reconciliation of operating (loss) to net cash			
(used in) operating activities			
Operating (loss)	\$(148,584)	\$ (3,851)	\$(152,435)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities			
Depreciation	3,217	-	3,217
Commodities used	27,614	-	27,614
Change in assets and liabilities:			
Accounts receivable	5,236	-	5,236
Inventories	(5,241)	-	(5,241)
Deferred outflows of resources	4,984	-	4,984
Accounts payable	3,676	(532)	3,144
Due to other funds	-	(8,500)	(8,500)
Net pension liability	(4,423)	-	(4,423)
Deferred inflows of resources	8,818	10,111	18,929
Net cash (used in) operating activities	<u>\$(104,703)</u>	<u>\$ (2,772)</u>	<u>\$(107,475)</u>

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2020, the District received 27,614 of federal commodities.

See accompanying Independent Auditor's Report.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
 Schedule of Changes in Special Revenue Fund, Student Activity Accounts
 For the Year Ended June 30, 2020

Schedule 6

Account	Balance, Beginning of Year	Revenues	Expenditures	Intra-fund Transfers	Balance, End of Year
Dramatics	\$ 7	\$ 1,534	\$ 2,608	\$ 1,067	\$ -
Speech	320	285	1,198	593	-
Model UN	-	647	1,208	561	-
Mock trial	-	395	631	236	-
Music-vocal	1,296	1,328	219	-	2,405
Drill team	401	5,905	5,431	-	875
Multi activity disbursements	-	6,694	10,100	3,406	-
Cheerleaders	200	1,163	1,095	-	268
Basketball	1,600	9,315	12,130	1,215	-
Volleyball	2,332	8,336	6,118	-	4,550
Football	800	10,402	11,629	427	-
Baseball	2,375	3,676	4,922	-	1,129
Softball	885	3,723	4,272	-	336
Track	1,765	1,000	1,521	-	1,244
Cross country	2,402	2,208	5,912	1,309	7
Golf	800	-	750	-	50
Esports	-	118	1,972	1,854	-
Wrestling	800	3,420	4,287	67	-
Other designated fund balance	9,161	10,277	4,048	-	15,390
Juniors	705	10,733	4,432	(705)	6,301
Seniors	-	-	508	705	197
Yearbook	4,477	13,247	8,621	-	9,103
Student council	63	541	901	297	-
Student senate fund	694	731	195	-	1,230
Archery club	-	4,019	3,991	-	28
Elementary classes	3,870	1,683	1,132	-	4,421
Boundary Waters	-	192	-	-	192
Elementary Garden Project	2,389	-	-	-	2,389
NHS	722	773	851	-	644
Pop fundraiser	2,091	2,398	1,926	-	2,563
Activity tickets	999	14,305	-	(9,687)	5,617
Student fundraiser - concessions	1,895	15,723	16,453	-	1,165
Undistributed interest	-	1,345	-	(1,345)	-
Music-HS band	3,537	1,058	-	-	4,595
Weight training fundraisers	18,783	-	666	-	18,117
Totals	\$ 65,369	\$ 137,174	\$ 119,727	\$ -	\$ 82,816

See accompanying Independent Auditor's Report.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
 All Governmental Funds
 For the Last Ten Years

	Modified Accrual Basis									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Local sources										
Local tax	\$ 3,222,154	\$3,117,837	\$3,119,055	\$3,150,038	\$3,085,705	\$2,817,121	\$2,649,203	\$2,893,635	\$2,690,841	\$2,482,578
Tuition	720,057	723,381	753,109	898,389	855,393	753,701	813,288	837,450	706,735	634,586
Construction donations	-	-	-	-	-	5,055	-	-	-	370,954
Other	1,009,056	914,196	868,859	700,070	689,153	765,099	660,125	636,633	609,111	614,649
State sources	3,252,039	2,935,551	2,830,410	2,860,876	2,518,898	2,762,967	2,456,788	2,100,884	2,150,213	2,079,325
Federal sources	206,573	133,514	132,592	100,775	115,143	122,835	121,463	128,843	245,701	303,666
Total revenues	<u>\$ 8,409,879</u>	<u>\$7,824,479</u>	<u>\$7,704,025</u>	<u>\$7,710,148</u>	<u>\$7,264,292</u>	<u>\$7,226,778</u>	<u>\$6,700,867</u>	<u>\$6,597,445</u>	<u>\$6,402,601</u>	<u>\$6,485,758</u>
Expenditures										
Current										
Instruction										
Regular	\$ 2,769,728	\$2,785,400	\$2,818,894	\$2,704,650	\$2,654,707	\$2,762,657	\$2,742,536	\$2,584,632	\$2,553,206	\$2,578,428
Special	701,647	669,176	606,442	516,810	533,522	517,802	527,395	535,546	576,280	462,765
Other	868,531	935,500	896,780	785,780	815,598	826,326	703,567	679,431	678,887	709,224
Support services										
Student	154,490	130,070	130,178	172,607	135,881	169,629	166,007	152,623	115,083	118,535
Instructional staff	106,730	61,426	51,336	51,095	40,903	62,616	76,799	91,137	131,169	104,615
Administration	769,328	828,208	717,021	741,305	738,377	651,920	639,057	597,033	616,847	521,380
Operation and maintenance of plant	473,620	493,391	474,145	482,439	461,613	435,929	444,998	397,149	371,022	416,404
Transportation	446,224	340,020	337,813	404,702	273,207	457,025	354,929	346,264	487,171	315,528
Non-instructional programs	9,917	1,264	5,163	-	179	-	542	-	-	1,034
Other expenditures										
Facilities acquisition	2,359,161	1,231,913	474,817	549,251	490,996	1,650,672	1,514,438	439,386	341,276	1,075,831
Long-term debt										
Principal	775,000	150,000	145,000	140,000	435,000	575,000	480,000	475,000	1,910,000	385,000
Interest and other charge	366,020	57,540	59,903	61,795	66,320	91,606	8,965	11,005	90,719	74,400
AEA flowthrough	200,859	188,599	183,112	180,776	181,590	184,890	171,099	163,419	163,357	181,962
Total expenditures	<u>\$10,001,255</u>	<u>\$7,872,507</u>	<u>\$6,900,604</u>	<u>\$6,791,210</u>	<u>\$6,827,893</u>	<u>\$8,386,072</u>	<u>\$7,830,332</u>	<u>\$6,472,625</u>	<u>\$8,035,017</u>	<u>\$6,945,106</u>

See accompanying Independent Auditor's Report.

Kay L. Chapman, CPA PC

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

To the Board of Education of
Galva-Holstein Community School District:

I 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 Galva-Holstein 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 my report thereon dated January 21 2021. I did not issue an opinion on the Galva-Holstein Community School District Foundation, which is included in the District's financial statements as a discretely presented component unit, because I was not engaged to and did not audit the Foundation. Except as discussed in the preceding sentence, I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

My 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 have not been identified. However, as described in the accompanying Schedule of Findings, I identified deficiencies in internal control I 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. I consider the deficiency described in Part I of the accompanying Schedule of Findings as item A to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Galva-Holstein Community School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

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 my audit of the financial statements of the District. Since my 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.

Galva-Holstein Community School District's Responses to the Findings

Galva-Holstein Community School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. Galva-Holstein Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Galva-Holstein Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
January 21, 2021

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2020

Part I. Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

A. Segregation of Duties

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 - I noted that the same individual performed the following duties: recording and processing of cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information.

Cause - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability. This is not an unusual condition but it is important the District officials are aware that the condition exists.

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 - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the District to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Planned - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2020

Part II. Other Findings Related to Required Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2020 exceeded the amounts budgeted in the support services and non-instructional programs functions.

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

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

Conclusion - Response accepted.

2. Questionable Expenditures - I noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions - No business transactions between the District and District officials or employees were noted.
5. Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
6. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
7. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.
8. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
9. Supplementary Weighting - No variance regarding the supplementary weighting certified to the Iowa Department of Education were noted.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
 Schedule of Findings
 For the Year Ended June 30, 2020

10. Deposits and Investments - I noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
11. Certified Annual Reports - The Certified Annual Report was certified timely to the Department of Education.
12. Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
13. 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		\$ 141,898
Revenues		
Statewide sales, services and use tax	\$ 475,196	
Interest earned	<u>17,488</u>	492,684
Expenditures/transfers out		
Debt service for school infrastructure		
Revenue debt		<u>204,765</u>
Ending balance		<u>\$ 429,817</u>

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.

14. Deficit Balances - The District's Enterprise Fund - School Nutrition Fund had negative unrestricted net position of \$16,012 and negative total net position of \$2,478 at June 30, 2020. The Enterprise Fund - Daycare Fund had negative unrestricted net position and total net position of \$23,280 at June 30, 2020. The Total Enterprise Funds and Business Type Activities also had negative unrestricted net position of \$39,292 and negative total net position of \$25,758 at June 30, 2020.

Recommendation - The District should investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial condition.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2020

Response - The deficits in the enterprise funds and business type activities are a result of implementing GASB 68 and recording the applicable pension related deferred outflows, net pension liability, pension related deferred inflows and pension expense. The Daycare Fund deficit will be eliminated by a donation from an anonymous donor in the year ending June 30, 2020. The deficit in the Capital Project Fund was a result of the good faith deposit that was still outstanding at June 30, 2020.

Conclusion - Response accepted.

GALVA-HOLSTEIN COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2020

This audit was performed by

Kay Chapman, CPA
Terri Slater, staff accountant