

GILBERT COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2020

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Gilbert Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before November 2019 Election)		
Brian Anderson	President (Resigned July 2019)	2019
Deb Ordal	Vice President (Appointed President July 2019)	2021
John Nelson	Board Member (Appointed Vice President July 2019)	2021
J. Tyler Holck	Board Member	2019
Kim Mosiman	Board Member	2019
Andrew Ricklefs	Board Member (Appointed July 2019)	2019
Board of Education (After November 2019 Election)		
Deb Ordal	President	2021
Andrew Ricklefs	Vice President	2023
John Nelson	Board Member	2021
J. Tyler Holck	Board Member	2023
Jeff Mosiman	Board Member	2023
School Officials		
Lindsey Beecher	Superintendent	2020
Gail Hopkins	Board Secretary/Treasurer and Business Manager	2020
Ahlers & Cooney, P.C.	Attorney	2020

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Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of Gilbert Community School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Gilbert 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 District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 16 and 44 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gilbert Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 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 our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 8, 2021 on our consideration of Gilbert Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Gilbert Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 8, 2021
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Gilbert 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 \$17,636,878 in fiscal year 2019 to \$18,497,967 in fiscal year 2020, while General Fund expenditures increased from \$16,893,643 in fiscal year 2019 to \$17,963,858 in fiscal year 2020. The District's General Fund balance increased from \$3,113,919 at June 30, 2019 to \$3,648,028 at June 30, 2020, a 17.15% increase from the prior year.
- The increase in General Fund revenues was mostly attributable to an increase in state source revenues received compared to the prior year. The increase in expenditures was due primarily to an increase in regular and special instruction expenditures incurred compared to the prior year.
- The District's total net position increased from \$19,402,328 at June 30, 2019 to \$21,555,997 at June 30, 2020. Total revenues increased from \$23,925,862 in fiscal year 2019 to \$25,112,146 in fiscal year 2020, a 4.96% increase, while total expenses increased from \$21,516,481 in fiscal year 2019 to \$22,958,477 in fiscal year 2020, a 6.70% increase compared to the prior year. The increase in total revenues was primarily due to increases in revenues from property tax and unrestricted state grants, while the increase in total expenses occurred primarily in the instruction and support services functions.

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 Gilbert 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 were financed in the short term as well as what remains for future spending. Fund financial statements report Gilbert Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Gilbert Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

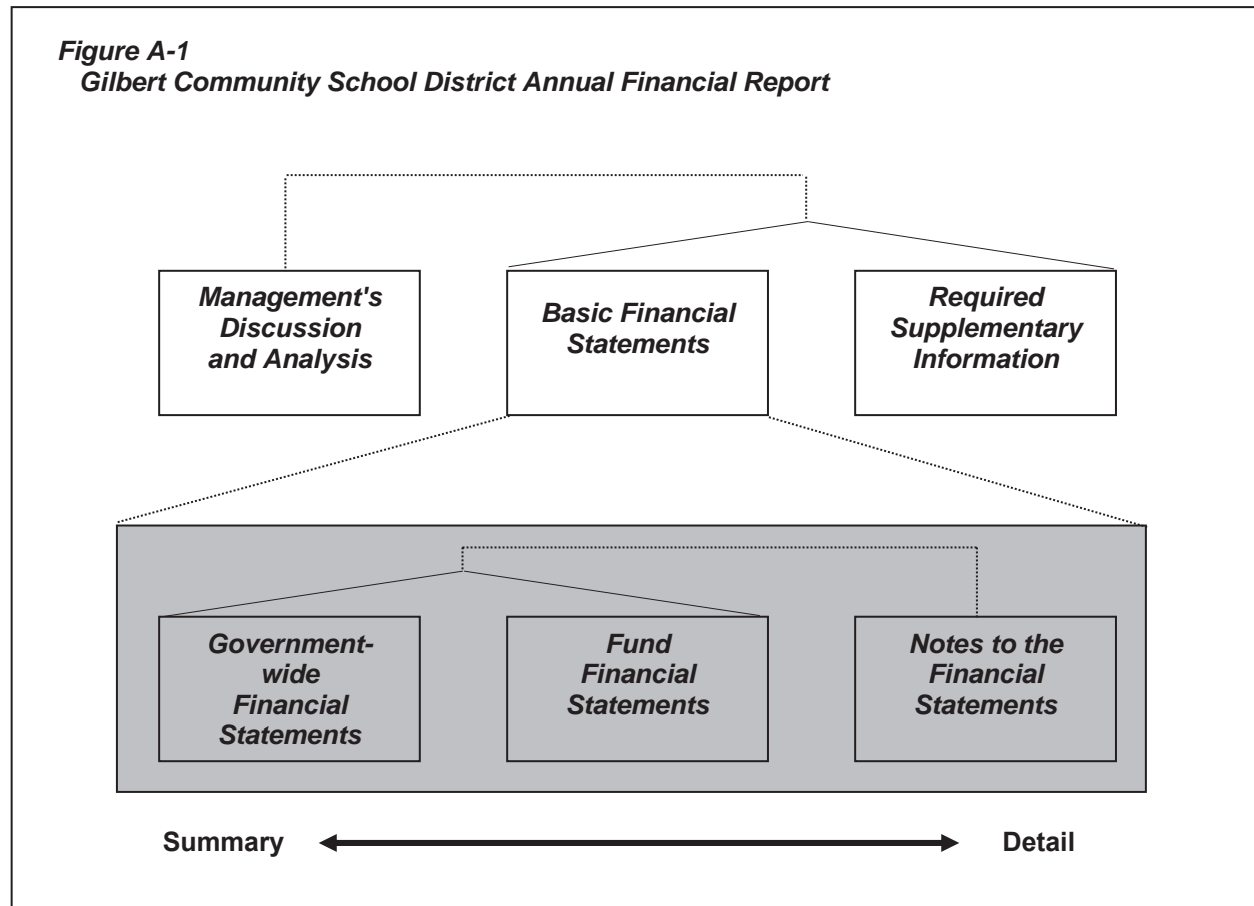


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2			
Major Features of the Government-Wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service,
Required financial statements	<ul style="list-style-type: none"> · Statement of net position · Statement of activities 	<ul style="list-style-type: none"> · Balance sheet · Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> · Statement of net position · Statement of revenues, expenses and changes in fund net position · Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

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

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

The District has two kinds of funds:

- 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 Capital Projects Fund, and the Debt Service Fund.

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

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

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

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-3 below provides a summary of the District's net position at June 30, 2020 compared to June 30, 2019.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-20
Current and other assets	\$ 23,789,342	31,784,385	96,751	126,126	23,886,093	31,910,511	-25.15%
Capital assets	53,531,773	46,724,289	140,885	163,930	53,672,658	46,888,219	14.47%
Total assets	77,321,115	78,508,674	237,636	290,056	77,558,751	78,798,730	-1.57%
Deferred outflows of resources	2,455,519	2,817,304	57,084	63,310	2,512,603	2,880,614	-12.78%
Long-term liabilities	43,200,120	46,509,249	194,169	196,093	43,394,289	46,705,342	-7.09%
Other liabilities	2,554,370	3,680,847	87,031	57,875	2,641,401	3,738,722	-29.35%
Total liabilities	45,754,490	50,190,096	281,200	253,968	46,035,690	50,444,064	-8.74%
Deferred inflows of resources	12,443,595	11,811,255	36,072	21,697	12,479,667	11,832,952	5.47%
Net position:							
Net investment in capital assets	18,756,295	16,804,309	140,885	163,930	18,897,180	16,968,239	11.37%
Restricted	6,009,251	6,639,169	-	-	6,009,251	6,639,169	-9.49%
Unrestricted	(3,186,997)	(4,118,851)	(163,437)	(86,229)	(3,350,434)	(4,205,080)	20.32%
Total net position	\$ 21,578,549	19,324,627	(22,552)	77,701	21,555,997	19,402,328	11.10%

The District's total net position increased 11.10%, or \$2,153,669, from the prior year.

The largest portion of the District's net position is invested in capital assets (e.g., land, 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 decreased 9.49%, or \$629,918, from the prior year. This decrease in restricted net position is mainly attributable to the decrease in the amount restricted for debt service compared to the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased 20.32%, or \$854,646, from the prior year. The significant increase in the District's unassigned General Fund balance was a major factor in the increase in unrestricted net position.

Figure A-4 shows the changes in net position for the year ended June 30, 2020 compared to the year ended June 30, 2019.

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2020	2019	2020	2019	2020	2019	2019-20
Revenues:							
Program revenues:							
Charges for service	\$ 1,844,680	1,749,803	401,771	515,823	2,246,451	2,265,626	-0.85%
Operating grants, contributions and restricted interest	1,408,207	1,338,690	245,198	189,140	1,653,405	1,527,830	8.22%
Capital grants, contributions and restricted interest	61,839	-	-	-	61,839	-	100.00%
General revenues:							
Property tax	10,862,415	10,158,511	-	-	10,862,415	10,158,511	6.93%
Statewide sales, services and use tax	1,586,595	1,524,793	-	-	1,586,595	1,524,793	4.05%
Unrestricted state grants	8,471,701	8,043,748	-	-	8,471,701	8,043,748	5.32%
Unrestricted investment earnings	132,677	279,399	403	564	133,080	279,963	-52.47%
Other	89,902	123,718	6,758	1,673	96,660	125,391	-22.91%
Total revenues	<u>24,458,016</u>	<u>23,218,662</u>	<u>654,130</u>	<u>707,200</u>	<u>25,112,146</u>	<u>23,925,862</u>	<u>4.96%</u>
Program expenses:							
Instruction	13,471,088	12,761,868	-	-	13,471,088	12,761,868	5.56%
Support services	5,784,625	5,168,319	-	-	5,784,625	5,168,319	11.92%
Non-instructional programs	-	-	738,286	749,802	738,286	749,802	-1.54%
Other expenses	2,964,478	2,836,492	-	-	2,964,478	2,836,492	4.51%
Total expenses	<u>22,220,191</u>	<u>20,766,679</u>	<u>738,286</u>	<u>749,802</u>	<u>22,958,477</u>	<u>21,516,481</u>	<u>6.70%</u>
Excess (Deficiency) of revenues over (under) expenses	2,237,825	2,451,983	(84,156)	(42,602)	2,153,669	2,409,381	-10.61%
Transfers	16,097	8,618	(16,097)	(8,618)	-	-	0.00%
Change in net position	2,253,922	2,460,601	(100,253)	(51,220)	2,153,669	2,409,381	-10.61%
Net position beginning of year	19,324,627	16,864,026	77,701	128,921	19,402,328	16,992,947	14.18%
Net position end of year	<u>\$ 21,578,549</u>	<u>19,324,627</u>	<u>(22,552)</u>	<u>77,701</u>	<u>21,555,997</u>	<u>19,402,328</u>	<u>11.10%</u>

In fiscal year 2020, property tax and unrestricted state grants accounted for 79.05% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 98.91% of the business type activities revenues.

The District's total revenues were approximately \$25.11 million, of which approximately \$24.46 was for governmental activities and approximately \$0.65 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.96% increase in revenues and a 6.70% increase in expenses. Property tax revenues increased \$703,904 and unrestricted state grant revenues increased \$427,953 to fund the majority of the increase in expenses. The increase in expenses occurred primarily the instruction and support services functions compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$24,458,016 and expenses were \$22,220,191 for the year ended June 30, 2020.

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

	Total Cost of Services			Net Cost of Services		
	2020	2019	Change 2019-20	2020	2019	Change 2019-20
Instruction	\$ 13,471,088	12,761,868	5.56%	10,929,296	10,354,604	5.55%
Support services	5,784,625	5,168,319	11.92%	5,688,333	5,127,099	10.95%
Other expenses	2,964,478	2,836,492	4.51%	2,287,836	2,196,483	4.16%
Total	<u>\$ 22,220,191</u>	<u>20,766,679</u>	<u>7.00%</u>	<u>18,905,465</u>	<u>17,678,186</u>	<u>6.94%</u>

For the year ended June 30, 2020:

- The cost financed by users of the District's programs was \$1,844,680.
- Federal and state governments along with contributions from local sources subsidized certain programs and projects with grants and contributions totaling \$1,470,046.
- The net cost of governmental activities was financed with \$10,862,415 in property tax, \$1,586,595 in statewide sales, services and use tax, \$8,471,701 in unrestricted state grants, \$132,677 in interest income and \$89,902 in other general revenues.

Business Type Activities

Revenues of the District's business type activities during the year ended June 30, 2020 were \$654,130 and expenses were \$738,286. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

As previously noted, Gilbert 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 \$10,472,043, below last year's ending fund balances of \$17,508,843. The primary reason for the decrease in combined fund balances is the decrease in the Capital Projects Fund balance compared to the prior year.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The General Fund balance increased from \$3,113,919 at June 30, 2019 to \$3,648,028 at June 30, 2020. Although expenditures increased 6.34% while revenues increased only 4.88%, revenues continued to outpace expenditures leading to the increase in fund balance.
- The Capital Projects Fund balance decreased from \$11,759,375 at June 30, 2019 to \$4,913,857 at June 30, 2020 primarily due to continued construction costs associated with the District's various infrastructure projects. The fund ended fiscal year 2019 with \$8,110,020 of unspent general obligation bond proceeds. Unspent bond proceeds at June 30, 2020 were \$359,522.
- The Debt Service Fund balance decreased from \$2,017,336 at June 30, 2019 to \$974,685 at June 30, 2020. The District used over \$1 million of reserve funds associated with the Series 2012 and Series 2013 revenue bonds in the refunding of those bonds during fiscal year 2020.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from \$77,701 at June 30, 2019 to deficit \$22,552 at June 30, 2020. Total revenues decreased 8.07% from the prior year while total expenses decreased only 1.10% leading to the reduction in fund net position.

BUDGETARY HIGHLIGHTS

Over the course of the year, Gilbert Community School District amended its budget one time to reflect additional expenditures in all four functional areas.

The District's revenues were \$428,840 less than budgeted revenues, a variance of 1.68%. The most significant variance resulted from the District receiving less from local sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had invested \$53,672,658, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 14.47% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$1,362,731.

The original cost of the District's capital assets was \$71,193,506. Governmental funds accounted for \$70,618,725, with the remainder of \$574,781 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$12,008,906 at June 30, 2020, compared to \$5,720,322 reported at June 30, 2019. This significant increase resulted from continued construction activity financed by the issuance of voter approved general obligation bonds totaling \$14 million for various District infrastructure projects including: additions to and renovations of the middle school, additions to and renovations of the high school including the vocational tech and band rooms; greenhouse; BB/SB athletic complex; elementary remodel/HVAC and intermediate school remodel/HVAC projects. The elementary and intermediate school remodel/HVAC projects were completed and added to the buildings category during the year.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-20
Land	\$ 1,241,123	1,241,123	-	-	1,241,123	1,241,123	0.00%
Construction in progress	12,008,906	5,720,322	-	-	12,008,906	5,720,322	109.93%
Intangibles	-	6,451	-	-	-	6,451	-100.00%
Buildings	38,844,430	38,303,756	-	-	38,844,430	38,303,756	1.41%
Land improvements	996,478	1,025,334	-	-	996,478	1,025,334	-2.81%
Machinery and equipment	440,836	427,303	140,885	163,930	581,721	591,233	-1.61%
Total	<u>\$ 53,531,773</u>	<u>46,724,289</u>	<u>140,885</u>	<u>163,930</u>	<u>53,672,658</u>	<u>46,888,219</u>	<u>14.47%</u>

Long-Term Debt

At June 30, 2020, the District had \$35,135,000 of total long-term debt outstanding. This represents a decrease of 7.61% from the prior year (See Figure A-7). Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

The District had outstanding general obligation bonded indebtedness of \$27,595,000 at June 30, 2020.

The District had outstanding revenue bonded indebtedness of \$7,540,000 at June 30, 2020, payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District.

	Figure A-7		
	Outstanding Long-Term Obligations		
	Total	Total	Total
	District	Change	June 30,
	June 30,	June 30,	June 30,
	2020	2019	2019-20
General obligation bonds	\$ 27,595,000	28,920,000	-4.58%
Revenue bonds	7,540,000	9,110,000	-17.23%
Total	<u>\$ 35,135,000</u>	<u>38,030,000</u>	<u>-7.61%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Starting FY21, the Gilbert CSD will be using a flat enrollment growth for Long-Range Planning, this is a decrease from 3% previously used. This is more in line with the enrollment projection provided by ISFIS in September 2016 (1%-1.5%). The 2019 Certified Enrollment showed a 1% enrollment increase.
- The \$14M GO Bond Referendum Construction Project for the renovations and safe/secure entries for the elementary and intermediate buildings, middle school and high school renovations and classroom additions, and new athletic improvements including a new baseball/softball fields and stadium complex was 94% complete by 6/30/20. The remaining 6% of the project unfinished is the new baseball/softball fields and some stadium work.
- In FY20 the District received 2.06% supplemental state aid, an increase from 1% in FY19. Special Education funding continues to be insufficient to cover actual special education expenses. FY20 the district realized a (\$507,550.91) deficit passed onto taxpayers, this was an increase compared to FY19 at (\$381,479.25). The District anticipates the special education program to continue with a deficit in FY21, due to the increase in special education needs, resulting in additional staff and tuitioning students to other districts or programs to meet their needs.
- Due to the COVID-19 Pandemic, on March 23rd, 2020 the Governor issued a mandatory closure of schools until April 10th, 2020. On April 2nd, 2020 the Governor extended the closure through April 30th, 2020 and then on April 20th, 2020 the Governor extended the closure for the remaining school year. Gilbert CSD continued to educate students virtually during the closure. The Board of Education passed a resolution to continue paying all regular employees of the school district. With this mandatory closure, the district realized budgeted savings in the following areas: instruction, instructional staff and support, general administration, building administration, business and central administration and student transportation and an increase in budgeted expenses in the following areas: student support services and plant operation and maintenance. Overall, the general fund realized a savings of \$624,278 of budgeted expenses. The Gilbert CSD and the Board of Education's priority during the pandemic was the safety and well-being of their students and staff. The district

invested additional funding for COVID-19 mitigation and additional staffing for FY21. As of June 30, 2020, the district had \$17,845 of COVID-19 related additional expenses and anticipate nearly \$400,000 by the end of FY21. Only \$23,401 of ESSER I revenue was received by June 30, 2020.

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 Gail Hopkins Board Secretary/Treasurer and Business Manager, Gilbert Community School District, 103 Mathews Drive, Gilbert, Iowa, 50105.

BASIC FINANCIAL STATEMENTS

GILBERT COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 11,286,979	42,861	11,329,840
Receivables:			
Property tax:			
Delinquent	144,067	-	144,067
Succeeding year	10,930,506	-	10,930,506
Accounts	9,259	5,946	15,205
Internal balances	16,097	(16,097)	-
Due from other governments	566,297	20,229	586,526
Prepaid expenses	836,137	-	836,137
Inventories	-	43,812	43,812
Capital assets not being depreciated:			
Land and construction in progress	13,250,029	-	13,250,029
Capital assets, net of accumulated depreciation:			
Buildings and land improvements and machinery and equipment	40,281,744	140,885	40,422,629
Total assets	77,321,115	237,636	77,558,751
Deferred Outflows of Resources			
Pension related deferred outflows	2,438,146	56,426	2,494,572
OPEB related deferred outflows	17,373	658	18,031
Total Deferred Outflows of Resources	2,455,519	57,084	2,512,603
Liabilities			
Accounts payable	650,279	2,573	652,852
Salaries and benefits payable	1,736,514	40,167	1,776,681
Accrued interest payable	167,577	-	167,577
Unearned revenue	-	44,291	44,291
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	1,185,000	-	1,185,000
Revenue bonds	745,000	-	745,000
Portion due after one year:			
General obligation bonds	26,410,000	-	26,410,000
Revenue bonds	6,795,000	-	6,795,000
Net pension liability	7,387,499	168,499	7,555,998
Total OPEB liability	677,621	25,670	703,291
Total liabilities	45,754,490	281,200	46,035,690
Deferred Inflows of Resources			
Unavailable property tax revenue	10,930,506	-	10,930,506
Pension related deferred inflows	1,409,552	32,150	1,441,702
OPEB related deferred inflows	103,537	3,922	107,459
Total deferred inflows of resources	12,443,595	36,072	12,479,667
Net Position			
Net investment in capital assets	18,756,295	140,885	18,897,180
Restricted for:			
Categorical funding	518,561	-	518,561
Management levy purposes	779,452	-	779,452
Student activities	156,903	-	156,903
School infrastructure	3,535,026	-	3,535,026
Physical plant and equipment	1,019,309	-	1,019,309
Unrestricted	(3,186,997)	(163,437)	(3,350,434)
Total net position	\$ 21,578,549	(22,552)	21,555,997

SEE NOTES TO FINANCIAL STATEMENTS.

**GILBERT COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 9,064,523	1,244,671	115,359	-	(7,704,493)	-	(7,704,493)
Special	2,277,751	374,277	262,082	-	(1,641,392)	-	(1,641,392)
Other	2,128,814	225,732	319,671	-	(1,583,411)	-	(1,583,411)
	<u>13,471,088</u>	<u>1,844,680</u>	<u>697,112</u>	<u>-</u>	<u>(10,929,296)</u>	<u>-</u>	<u>(10,929,296)</u>
Support services:							
Student	452,461	-	-	-	(452,461)	-	(452,461)
Instructional staff	786,890	-	185	-	(786,705)	-	(786,705)
Administration	2,122,338	-	-	-	(2,122,338)	-	(2,122,338)
Operation and maintenance of plant	1,801,801	-	21,020	61,839	(1,718,942)	-	(1,718,942)
Transportation	621,135	-	13,248	-	(607,887)	-	(607,887)
	<u>5,784,625</u>	<u>-</u>	<u>34,453</u>	<u>61,839</u>	<u>(5,688,333)</u>	<u>-</u>	<u>(5,688,333)</u>
Long-term debt interest	1,142,418	-	-	-	(1,142,418)	-	(1,142,418)
Other expenditures:							
AEA flowthrough	676,642	-	676,642	-	-	-	-
Depreciation (unallocated)*	1,145,418	-	-	-	(1,145,418)	-	(1,145,418)
	<u>1,822,060</u>	<u>-</u>	<u>676,642</u>	<u>-</u>	<u>(1,145,418)</u>	<u>-</u>	<u>(1,145,418)</u>
Total governmental activities	<u>22,220,191</u>	<u>1,844,680</u>	<u>1,408,207</u>	<u>61,839</u>	<u>(18,905,465)</u>	<u>-</u>	<u>(18,905,465)</u>
Business type activities:							
Non-instructional programs:							
Food service operations	738,286	401,771	245,198	-	-	(91,317)	(91,317)
Total	<u>\$ 22,958,477</u>	<u>2,246,451</u>	<u>1,653,405</u>	<u>61,839</u>	<u>(18,905,465)</u>	<u>(91,317)</u>	<u>(18,996,782)</u>
General Revenues and Transfers:							
Property tax levied for:							
General purposes					\$ 7,557,540	-	7,557,540
Debt service					2,336,071	-	2,336,071
Capital outlay					968,804	-	968,804
Statewide sales, services and use tax					1,586,595	-	1,586,595
Unrestricted state grants					8,471,701	-	8,471,701
Unrestricted investment earnings					132,677	403	133,080
Other					89,902	6,758	96,660
Transfers					16,097	(16,097)	-
Total general revenues and transfers					<u>21,159,387</u>	<u>(8,936)</u>	<u>21,150,451</u>
Change in net position					2,253,922	(100,253)	2,153,669
Net position beginning of year					19,324,627	77,701	19,402,328
Net position end of year					<u>\$ 21,578,549</u>	<u>(22,552)</u>	<u>21,555,997</u>

* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 5,189,739	4,920,188	246,284	930,768	11,286,979
Receivables:					
Property tax:					
Delinquent	92,785	12,761	30,910	7,611	144,067
Succeeding year	6,773,907	1,009,182	2,447,419	699,998	10,930,506
Accounts	4,193	-	-	5,066	9,259
Due from other funds	16,097	138,646	-	-	154,743
Due from other governments	432,549	133,748	-	-	566,297
Prepaid expenses	-	-	836,137	-	836,137
Total assets	\$ 12,509,270	6,214,525	3,560,750	1,643,443	23,927,988
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Due to other funds	\$ -	-	138,646	-	138,646
Accounts payable	350,821	291,486	-	7,972	650,279
Salaries and benefits payable	1,736,514	-	-	-	1,736,514
Total liabilities	<u>2,087,335</u>	<u>291,486</u>	<u>138,646</u>	<u>7,972</u>	<u>2,525,439</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	6,773,907	1,009,182	2,447,419	699,998	10,930,506
Fund balances:					
Nonspendable	-	-	836,137	-	836,137
Restricted for:					
Categorical funding	518,561	-	-	-	518,561
Debt service	-	-	138,548	-	138,548
Management levy purposes	-	-	-	779,452	779,452
Student activities	-	-	-	156,903	156,903
School infrastructure	-	3,894,548	-	-	3,894,548
Physical plant and equipment	-	1,019,309	-	-	1,019,309
Unassigned:					
General	3,129,467	-	-	-	3,129,467
Student activities	-	-	-	(882)	(882)
Total fund balances	<u>3,648,028</u>	<u>4,913,857</u>	<u>974,685</u>	<u>935,473</u>	<u>10,472,043</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 12,509,270	6,214,525	3,560,750	1,643,443	23,927,988

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2020

Total fund balances of governmental funds (page 20)		\$ 10,472,043
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		53,531,773
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 government funds.		(167,577)
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 2,455,519	
Deferred inflows of resources	<u>(1,513,089)</u>	942,430
Long-term liabilities, including general obligation bonds payable, revenue bonds payable, net pension liability and total OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(43,200,120)</u>
 Net position of governmental activities (page 18)		 <u><u>\$ 21,578,549</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 6,982,100	968,804	2,336,071	575,440	10,862,415
Tuition	1,473,673	-	-	-	1,473,673
Other	324,456	148,965	18,952	325,324	817,697
State sources	9,336,294	1,591,651	11,420	2,967	10,942,332
Federal sources	361,899	-	-	-	361,899
Total revenues	<u>18,478,422</u>	<u>2,709,420</u>	<u>2,366,443</u>	<u>903,731</u>	<u>24,458,016</u>
Expenditures:					
Current:					
Instruction:					
Regular	8,582,947	103,668	-	121,420	8,808,035
Special	2,156,279	-	-	-	2,156,279
Other	1,844,942	23,100	-	313,485	2,181,527
	<u>12,584,168</u>	<u>126,768</u>	<u>-</u>	<u>434,905</u>	<u>13,145,841</u>
Support services:					
Student	451,919	-	-	-	451,919
Instructional staff	429,524	363,238	-	-	792,762
Administration	1,775,125	119,193	91,829	18,418	2,004,565
Operation and maintenance of plant	1,572,448	24,653	-	109,422	1,706,523
Transportation	473,971	165,247	-	23,787	663,005
	<u>4,702,987</u>	<u>672,331</u>	<u>91,829</u>	<u>151,627</u>	<u>5,618,774</u>
Capital outlay	-	7,973,734	-	-	7,973,734
Long-term debt:					
Principal	-	-	10,435,000	-	10,435,000
Interest and fiscal charges	-	-	1,225,212	-	1,225,212
	<u>-</u>	<u>-</u>	<u>11,660,212</u>	<u>-</u>	<u>11,660,212</u>
Other expenditures:					
AEA flowthrough	676,642	-	-	-	676,642
Total expenditures	<u>17,963,797</u>	<u>8,772,833</u>	<u>11,752,041</u>	<u>586,532</u>	<u>39,075,203</u>
Excess (Deficiency) of revenues over (under) expenditures	514,625	(6,063,413)	(9,385,598)	317,199	(14,617,187)
Other financing sources (uses):					
Insurance proceeds	2,420	20,842	-	-	23,262
Proceeds from the sale of equipment	1,028	-	-	-	1,028
Revenue bond issuance	-	-	7,540,000	-	7,540,000
Transfer in	16,097	502,986	1,305,933	61	1,825,077
Transfer out	(61)	(1,305,933)	(502,986)	-	(1,808,980)
Total other financing sources (uses)	<u>19,484</u>	<u>(782,105)</u>	<u>8,342,947</u>	<u>61</u>	<u>7,580,387</u>
Change in fund balances	534,109	(6,845,518)	(1,042,651)	317,260	(7,036,800)
Fund balances beginning of year	3,113,919	11,759,375	2,017,336	618,213	17,508,843
Fund balances end of year	<u>\$ 3,648,028</u>	<u>4,913,857</u>	<u>974,685</u>	<u>935,473</u>	<u>10,472,043</u>

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2020

Change in fund balances - total governmental funds (page 22) \$ (7,036,800)

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

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

Capital outlay	\$ 8,143,981	
Depreciation expense	<u>(1,336,497)</u>	6,807,484

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. Repayments 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	(7,540,000)	
Repaid	<u>10,435,000</u>	2,895,000

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.

82,794

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.

973,690

District costs associated with the total OPEB liability implicit subsidy after the measurement date but before year end.

17,373

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:

Pension expense	(1,399,620)	
Total OPEB liability and related expenses	<u>(85,999)</u>	<u>(1,485,619)</u>

Change in net position of governmental activities (page 19) \$ 2,253,922

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020

	Business Type Activities:
	Enterprise Fund
	School
	Nutrition
Assets	
Current assets:	
Cash and pooled investments	\$ 42,861
Accounts receivable	5,946
Due from other governments	20,229
Inventories	43,812
Total current assets	112,848
Noncurrent assets:	
Capital assets, net of accumulated depreciation	140,885
Total assets	253,733
Deferred Outflows of Resources	
Pension related deferred outflows	56,426
OPEB related deferred outflows	658
Total Deferred Outflows of Resources	57,084
Liabilities	
Current liabilities:	
Due to other funds	16,097
Accounts payable	2,573
Salaries and benefits payable	40,167
Unearned revenue	44,291
Total current liabilities	103,128
Noncurrent liabilities:	
Net pension liability	168,499
Total OPEB liability	25,670
Total noncurrent liabilities	194,169
Total liabilities	297,297
Deferred Inflows of Resources	
Pension related deferred inflows	32,150
OPEB related deferred inflows	3,922
Total Deferred Inflows of Resources	36,072
Net Position	
Net investment in capital assets	140,885
Unrestricted	(163,437)
Total net position	\$ (22,552)

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020

	Business Type Activities: Enterprise Fund
	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 401,771
Miscellaneous	6,758
Total operating revenues	408,529
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	257,940
Benefits	101,739
Services	160
Supplies	352,213
Depreciation	26,234
Total operating expenses	738,286
Operating loss	(329,757)
Non-operating revenues:	
State sources	4,358
Federal sources	240,840
Interest income	403
Total non-operating revenues	245,601
Change in net position before other financing uses	(84,156)
Other financing uses:	
Transfer out	(16,097)
Change in net position	(100,253)
Net position beginning of year	77,701
Net position end of year	\$ (22,552)

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020

	Business Type Activities: Enterprise Fund
	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 420,424
Cash received from miscellaneous	6,758
Cash payments to employees for services	(336,345)
Cash payments to suppliers for goods or services	(307,663)
Net cash used in operating activities	(216,826)
Cash flows from non-capital financing activities:	
Transfer to General Fund	(16,097)
Net borrowings from General Fund	3,118
State grants received	5,950
Federal grants received	159,688
Net cash provided by non-capital financing activities	152,659
Cash flows from investing activities:	
Interest on investments	403
Cash flows from capital financing activities:	
Purchase of assets	(3,189)
Net decrease in cash and pooled investments	(66,953)
Cash and pooled investments beginning of year	109,814
Cash and pooled investments end of year	\$ 42,861
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (329,757)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	60,923
Depreciation	26,234
Change in assets and liabilities:	
Inventories	(18,746)
Accounts receivable	(3,313)
Accounts payable	2,533
Salaries and benefits payable	4,657
Net pension liability	(3,219)
Deferred outflows of resources	6,226
Deferred inflows of resources	14,375
Unearned revenue	21,966
Total OPEB liability	1,295
Net cash used in operating activities	\$ (216,826)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2020, the District received \$60,923 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(1) Summary of Significant Accounting Policies

Gilbert Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and technical and recreational courses. The geographic area served includes the City of Gilbert, Iowa and the predominate agricultural territory in Boone and Story 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, Gilbert Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation plus unspent bond proceeds 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 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 are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts and the Debt Service Fund accounts.

The District reports the following major governmental funds:

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

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

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 to following nonmajor proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there 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 is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity/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.

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, they 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.

Prepaid Expenses - Prepaid expenses represent principal and interest payments on the District's Series 2019 revenue bonds due July 1, 2020 which were remitted before year-end.

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, machinery and equipment and intangibles acquired after July 1, 1980 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 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.

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Land improvements	5,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-12 years

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

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

Unearned Revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Position in the Proprietary, School Nutrition Fund.

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

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

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

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

Deferred inflows of resources on the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unrecognized items not yet charged to pension and OPEB expense.

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

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be intact or are not expected to be converted to cash.

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.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

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

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

At June 30, 2020, The District had investments in the Iowa Schools Joint Investment Trust (ISJIT) Direct Government Obligation Portfolio which are valued at an amortized cost of \$2,061,135. 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.

(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>
General	School Nutrition	\$ 16,097
Capital Projects: Statewide Sales, Services and Use Tax	Debt Service	138,646
Total		<u>\$ 154,743</u>

The Enterprise, School Nutrition Fund is repaying the General Fund for a reimbursement of indirect costs incurred during fiscal year 2020 but not repaid before year-end.

The Debt Service Fund is repaying the Capital Projects: Statewide Sales, Services and Use Tax Fund for refunded surplus sales tax remaining after the current refunding of the District's Series 2012 and 2013 revenue bonds not repaid before year-end.

(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>
General	School Nutrition	\$ 16,097
Student Activity	General	61
Debt Sinking	Capital Projects: Statewide Sales, Services and Use Tax	469,796
Capital Projects: Statewide Sales, Services and Use Tax	Debt Sinking	502,986
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	836,137
Total		<u>\$ 1,825,077</u>

The transfer from the Enterprise, School Nutrition Fund to the General Fund was a reimbursement of indirect costs incurred during the year.

The transfer from the General Fund to the Special Revenue: Student Activity Fund was a reimbursement for expenditures more appropriate from the General Fund.

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Sinking Fund was needed for principal and interest payments on the District's Series 2012 and 2013 revenue bonded indebtedness.

The transfer from the Debt Sinking Fund to the Capital Projects: Statewide Sales, Services and Use Tax Fund was needed to refund surplus sales tax remaining after the current refunding of the District's Series 2012 and 2013 revenue bonds during the year.

The transfer from Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed for principal and interest payments on the District's Series 2019 revenue bonded indebtedness.

(5) Construction Commitment

The District entered into contracts totaling \$12,702,865 for various District infrastructure projects including: additions to and renovations of the middle school; additions to and renovations of the high school including the vocational tech and band rooms; greenhouse and baseball/softball athletic complex projects. As of June 30, 2020, costs of \$12,008,906 had been incurred against the contracts. The balance of \$693,960 remaining at June 30, 2020 will be paid out as work on the projects progress.

(6) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,241,123	-	-	1,241,123
Construction in progress	5,720,322	7,821,299	1,532,715	12,008,906
Total capital assets not being depreciated	<u>6,961,445</u>	<u>7,821,299</u>	<u>1,532,715</u>	<u>13,250,029</u>
Capital assets being depreciated:				
Buildings	48,987,856	1,613,794	-	50,601,650
Land improvements	2,052,740	43,442	-	2,096,182
Intangible assets	32,263	-	-	32,263
Machinery and equipment	4,968,654	198,161	528,214	4,638,601
Total capital assets being depreciated	<u>56,041,513</u>	<u>1,855,397</u>	<u>528,214</u>	<u>57,368,696</u>
Less accumulated depreciation for:				
Buildings	10,684,100	1,073,120	-	11,757,220
Land improvements	1,027,406	72,298	-	1,099,704
Intangible assets	25,812	6,451	-	32,263
Machinery and equipment	4,541,351	184,628	528,214	4,197,765
Total accumulated depreciation	<u>16,278,669</u>	<u>1,336,497</u>	<u>528,214</u>	<u>17,086,952</u>
Total capital assets being depreciated, net	<u>39,762,844</u>	<u>518,900</u>	<u>-</u>	<u>40,281,744</u>
Governmental activities capital assets, net	<u>\$ 46,724,289</u>	<u>8,340,199</u>	<u>1,532,715</u>	<u>53,531,773</u>
Business type activities:				
Machinery and equipment	\$ 571,592	3,189	-	574,781
Less accumulated depreciation	407,662	26,234	-	433,896
Business type activities capital assets, net	<u>\$ 163,930</u>	<u>(23,045)</u>	<u>-</u>	<u>140,885</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 25,316
Special	2,111
Other	11,581
Support services:	
Instructional staff	11,350
Administration	27,636
Operation and maintenance of plant	14,429
Transportation	98,656
	<u>191,079</u>
Unallocated depreciation	<u>1,145,418</u>
Total governmental activities depreciation expense	<u>\$ 1,336,497</u>
Business type activities:	
Food service operations	<u>\$ 26,234</u>

(7) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 28,920,000	-	1,325,000	27,595,000	1,185,000
Revenue bonds	9,110,000	7,540,000	9,110,000	7,540,000	745,000
Termination benefits	-	39,292	39,292	-	-
Net pension liability	7,778,183	-	390,684	7,387,499	-
Total OPEB liability	701,066	-	23,445	677,621	-
Total	<u>\$ 46,509,249</u>	<u>7,579,292</u>	<u>10,888,421</u>	<u>43,200,120</u>	<u>1,930,000</u>
Business type activities:					
Net pension liability	171,718	-	3,219	168,499	-
Total OPEB liability	24,375	1,295	-	25,670	-
Total	<u>\$ 196,093</u>	<u>1,295</u>	<u>3,219</u>	<u>194,169</u>	<u>-</u>

General Obligation Bonds

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

Year Ending June 30,	Bonds Issued October 1, 2011			Bonds Issued June 1, 2013			Refunding Bonds Issued April 1, 2014		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2021	3.00 %	\$ 160,000	278,807	2.00 %	\$ 185,000	125,175	2.00 %	\$ 640,000	17,900
2022	3.00	170,000	274,008	2.00	185,000	121,475	2.00	415,000	6,250
2023	3.00	170,000	268,907	2.00	190,000	117,775	-	-	-
2024	3.00	280,000	263,808	2.00	195,000	113,975	-	-	-
2025	3.00	1,010,000	255,407	2.00	130,000	110,075	-	-	-
2026-2030	3.00-3.40	5,560,000	785,348	2.50-2.75	670,000	504,375	-	-	-
2031-2033	3.55	1,225,000	43,488	2.75-3.00	3,025,000	220,588	-	-	-
Total		<u>\$ 8,575,000</u>	<u>2,169,773</u>		<u>\$ 4,580,000</u>	<u>1,313,438</u>		<u>\$ 1,055,000</u>	<u>24,150</u>

Year Ending June 30,	Bonds Issued July 24, 2018			Bonds Issued January 23, 2019			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2021	5.00 %	\$ 100,000	353,056	5.00 %	\$ 100,000	139,138	1,185,000	914,076	2,099,076
2022	5.00	100,000	348,056	5.00	315,000	134,138	1,185,000	883,927	2,068,927
2023	5.00	735,000	343,056	5.00	125,000	118,388	1,220,000	848,126	2,068,126
2024	5.00	600,000	306,306	5.00	195,000	112,138	1,270,000	796,227	2,066,227
2025	-	-	276,306	5.00	185,000	102,387	1,325,000	744,175	2,069,175
2026-2030	-	-	1,352,655	3.00	1,035,000	405,537	7,265,000	3,047,915	10,312,915
2031-2035	3.25-3.38	3,055,000	1,303,905	3.00-3.25	1,195,000	239,925	8,500,000	1,807,906	10,307,906
2036-2038	3.38-3.50	4,895,000	339,575	3.25-3.38	750,000	50,312	5,645,000	389,887	6,034,887
Total		<u>\$ 9,485,000</u>	<u>4,622,915</u>		<u>\$ 3,900,000</u>	<u>1,301,963</u>	<u>27,595,000</u>	<u>9,432,239</u>	<u>37,027,239</u>

During the year ended June 30, 2020, the District collected an additional debt service levy to advance refund a portion of the general obligation bonds issued July 24, 2018. The \$165,000 collected from the additional levy has been placed in an irrevocable escrow account and has been invested in U.S. Government obligations which have been certified to be sufficient to pay \$165,000 in principal maturing June 1, 2038 of the general obligation bonds issued July 24, 2018 when the bonds become callable on June 1, 2025. The anticipated interest cost savings provided by the surplus levy is \$75,075.

As a result, \$165,000 of the general obligation bonds issued July 24, 2018 are considered defeased in substance and the corresponding liability for those bonds has been removed from the appropriate financial statements and schedules.

The District remains contingently liable in the remote possibility the escrow account is insufficient to repay the refunding bonds at the call date. At June 30, 2020, \$165,000 of such bonds are outstanding.

During the year ended June 30, 2020, the District approved an additional debt service levy of \$345,000 to be collected in fiscal year 2021 which will be used to advance refund \$345,000 in principal maturing June 1, 2038 of the general obligation bonds issued July 24, 2018 when the bonds become callable June 1, 2025.

Revenue Bonds

On December 2, 2019, the District issued \$7,540,000 in revenue bonds with interest rates of 2.082% and applied \$731,258 from the Series 2012 Debt Service Reserve Fund plus \$332,697 from the Series 2012 Debt Service Reserve Fund to refund the remaining \$6,510,000 of principal and \$75,063 of interest from the February 1, 2012 revenue bonds with interest rates ranging from 2.10-3.40% and the remaining \$1,905,000 of principal and \$21,239 of interest from the July 1, 2013 revenue bonds with interest rates ranging from 2.00-3.20%. The new refunding bonds have been added to the appropriate financial statements and schedules. The net present value of savings achieved by the current refunding is \$366,486.

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

Year Ending June 30,	Refunding Bonds Issued December 2, 2019				
	Interest Rate	Principal	Interest	Total	
2021	2.082 %	\$ 745,000	161,873	906,873	
2022	2.082	695,000	134,237	829,237	
2023	2.082	709,000	119,621	828,621	
2024	2.082	723,000	104,714	827,714	
2025	2.082	738,000	89,505	827,505	
2026-2030	2.082	3,930,000	207,930	4,137,930	
Total		<u>\$ 7,540,000</u>	<u>817,880</u>	<u>8,357,880</u>	

The District has pledged future statewide sales, services and use tax revenues to repay the \$7,540,000 of bonds issued in December 2019. The bonds were issued for the purpose of refunding the remaining outstanding revenue bonds issued February 1, 2012 and July 1, 2013. 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 limit of the District. Annual principal and interest payments on the bonds are expected to require approximately 57% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$8,357,880. For the current year, no principal or interest was paid on the bonds and statewide sales, services and use tax revenues were \$1,586,595.

Termination Benefits

In July 2019, the District approved a voluntary early retirement plan for employees. The plan was only offered to employees for one year with a maximum of five employees approved. Eligible employees must have completed at least twelve years of continuous service to the District and must have reached the age of fifty-five on or before June 30, 2020. The application for early retirement was subject to approval by the Board of Education.

Early retirement benefits equal to 48% of the employee's regular contracted salary from fiscal year 2020, exclusive of any extended contract, teacher salary supplement, teacher quality, overtime or other such salary or wages paid with a one-time disbursement to an employer sponsored 403(b) Special Pay Plan at year-end. The District has no further obligations as of June 30, 2020. Actual early retirement expenditures for two approved fiscal year 2020 retirees totaled \$39,929.

(8) 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 information 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, anytime 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 were \$996,714.

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 \$7,555,998 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 0.130486%, which was an increase of 0.004860% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,436,557. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,947	271,674
Changes of assumptions	809,356	-
Net difference between projected and actual earnings on IPERS' investments	-	851,470
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	667,555	318,558
District contributions subsequent to the measurement date	996,714	-
Total	\$ 2,494,572	1,441,702

\$996,714 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2021	\$ 172,669
2022	(15,404)
2023	(15,993)
2024	(90,121)
2025	5,005
Total	\$ 56,156

There were no non-employer contributing entities at 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% per 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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<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	\$ 13,417,013	7,555,998	2,639,843

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

Payables to IPERS - At June 30, 2020, the District reported payables to IPERS of \$139,056 for legally required District contributions and \$92,655 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(9) Other Postemployment Benefits (OPEB)

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

OPEB Benefits - Individuals who are employed by the District and are eligible to participate in the group 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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Active employees	<u>192</u>
Total	<u><u>196</u></u>

Total OPEB Liability - The District's total OPEB liability of \$703,291 at June 30, 2020 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2019 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	2.50% per annum.
Rates of salary increase	3.25% per annum, including inflation.
Discount rate	3.13% compounded annually, including inflation.
Healthcare cost trend rate	6.40% for FY2020, decreasing to an ultimate rate of 4.00%.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.13% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 mortality tables with projected mortality improvements based on scale MP-2017. Annual retirement probabilities are based on School assumptions for Regular Members in the June 2018 IPERS Demographic Assumptions Study.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 725,441
Changes for the year:	
Service cost	75,752
Interest	28,352
Differences between expected and actual experiences	(77,335)
Changes in assumptions	(12,928)
Benefit payments	<u>(35,991)</u>
Net changes	<u>(22,150)</u>
Total OPEB liability end of year	<u>\$ 703,291</u>

Changes of assumptions reflect a change in the discount rate from 3.62% at June 30, 2018 to 3.13% at the June 30, 2019 measurement date used for the reporting date of June 30, 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 1% lower (2.13%) or 1% higher (4.13%) than the current discount rate.

	<u>1% Decrease (2.13%)</u>	<u>Discount Rate (3.13%)</u>	<u>1% Increase (4.13%)</u>
Total OPEB liability	\$ 763,338	703,291	647,124

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates 1% lower (5.40%) or 1% higher (7.40%) than the current healthcare cost trend rates.

	<u>1% Decrease (5.40%)</u>	<u>Healthcare Cost Trend Rate (6.40%)</u>	<u>1% Increase (7.40%)</u>
Total OPEB liability	\$ 613,860	703,291	810,594

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2020, the District recognized OPEB expense of \$91,421. At June 30, 2020, the District reported deferred outflows of resources and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	69,708
Changes in assumptions	-	37,751
Contributions between measurement date and reporting date	18,031	-
Total	<u>\$ 18,031</u>	<u>107,459</u>

\$18,031 reported as deferred outflows of resources related to OPEB resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	Amount
2021	\$ (12,683)
2022	(12,683)
2023	(12,683)
2024	(12,683)
2025	(12,683)
Thereafter	<u>(44,044)</u>
Total	<u>\$ (107,459)</u>

(10) 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.

(11) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$676,642 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.

(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.

Program	Amount
Home School Assistance Program (HSAP)	\$ 240,762
Teacher Leadership State Aid	84,182
Four-Year-Old Preschool State Aid	55,251
Beginning Teacher Mentoring and Induction	8,335
Teacher Salary Supplement	7,135
Successful Progression for Early Readers	29,620
Professional Development	<u>93,276</u>
Total	<u>\$ 518,561</u>

(13) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are 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

During fiscal year 2020, the District was not impacted by any tax abatements which meet the disclosure requirements of Governmental Accounting Standards Board Statement No. 77.

(14) Reconciliation of Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to net position is as follows:

	Net investment in Capital Assets	Debt Service	School Infrastructure	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	138,548	3,894,548	3,129,467
Capital assets, net of accumulated depreciation	53,531,773	-	-	-
General obligation bond capitalized indebtedness	(27,235,478)	-	-	-
Revenue bond capitalized indebtedness	(7,540,000)	-	-	-
Unspent general obligation bond proceeds	-	-	(359,522)	-
Accrued interest payable	-	(138,548)	-	(29,029)
Pension related deferred outflows	-	-	-	2,438,146
Pension related deferred inflows	-	-	-	(1,409,552)
Net pension liability	-	-	-	(7,387,499)
Total OPEB liability	-	-	-	(677,621)
OPEB related deferred outflows	-	-	-	17,373
OPEB related deferred inflows	-	-	-	(103,537)
Nonspendable fund balance	-	-	-	836,137
Unassigned for student activities	-	-	-	(882)
Net position (Exhibit A)	<u>\$ 18,756,295</u>	<u>-</u>	<u>3,535,026</u>	<u>(3,186,997)</u>

(15) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 84. Fiduciary Activities. As a result of the coronavirus pandemic, GASB has extended the effective dates of recent pronouncements. 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.

(16) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of the Gilbert Community School District, remains uncertain.

To date, the outbreak created a disruption to the operations of the Gilbert Community School District due to the closure of school buildings and the move to virtual learning to complete the 2019-2020 school year. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the Gilbert Community School District's operations and finances.

REQUIRED SUPPLEMENTARY INFORMATION

GILBERT COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2020

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Funds	Fund		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 13,153,785	408,932	13,562,717	14,075,255	14,075,255	(512,538)
State sources	10,942,332	4,358	10,946,690	10,995,731	10,995,731	(49,041)
Federal sources	361,899	240,840	602,739	470,000	470,000	132,739
Total revenues	<u>24,458,016</u>	<u>654,130</u>	<u>25,112,146</u>	<u>25,540,986</u>	<u>25,540,986</u>	<u>(428,840)</u>
Expenditures/Expenses:						
Instruction	13,145,841	-	13,145,841	13,700,000	14,000,279	854,438
Support services	5,618,774	-	5,618,774	5,910,700	6,310,109	691,335
Non-instructional programs	-	738,286	738,286	800,000	836,000	97,714
Other expenditures	20,310,588	-	20,310,588	12,430,100	20,771,142	460,554
Total expenditures/expenses	<u>39,075,203</u>	<u>738,286</u>	<u>39,813,489</u>	<u>32,840,800</u>	<u>41,917,530</u>	<u>2,104,041</u>
Excess (Deficiency) of revenues over (under) expenditures/expenses	(14,617,187)	(84,156)	(14,701,343)	(7,299,814)	(16,376,544)	1,675,201
Other financing sources, net	<u>7,580,387</u>	<u>(16,097)</u>	<u>7,564,290</u>	-	-	<u>7,564,290</u>
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	(7,036,800)	(100,253)	(7,137,053)	(7,299,814)	(16,376,544)	9,239,491
Balances beginning of year	<u>17,508,843</u>	<u>77,701</u>	<u>17,586,544</u>	<u>7,351,228</u>	<u>7,351,228</u>	<u>10,235,316</u>
Balances end of year	<u>\$ 10,472,043</u>	<u>(22,552)</u>	<u>10,449,491</u>	<u>51,414</u>	<u>(9,025,316)</u>	<u>19,474,807</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2020

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$9,076,730.

GILBERT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST SIX FISCAL YEARS *
REQUIRED SUPPLEMENTARY INFORMATION

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.130486%	0.125626%	0.123554%	0.104409%	0.130878%	0.130115%
District's proportionate share of the net pension liability	\$ 7,555,998	7,949,901	8,230,241	6,570,771	6,465,981	5,160,235
District's covered payroll	\$ 9,933,144	9,441,952	9,222,539	7,492,755	8,966,294	8,514,166
District's proportionate share of the net pension liability as a percentage of its covered payroll	76.07%	84.20%	89.24%	87.69%	72.11%	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.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 996,714	937,688	843,166	823,573	669,103	800,690	760,315	681,962	581,166	472,334
Contributions in relation to the statutorily required contribution	\$ (996,714)	(937,688)	(843,166)	(823,573)	(669,103)	(800,690)	(760,315)	(681,962)	(581,166)	(472,334)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 10,558,416	9,933,144	9,441,952	9,222,539	7,492,755	8,966,294	8,514,166	7,865,767	7,201,561	6,796,173
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.

GILBERT COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2020

Changes in benefit terms:

There are no significant changes in benefit terms.

Changes in 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.

GILBERT 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	\$ 75,752	71,808	74,064
Interest cost	28,352	25,589	19,838
Differences between expected and actual experiences	(77,335)	-	-
Changes in assumptions	(12,928)	(3,411)	(33,682)
Benefit payments	(35,991)	(31,058)	(6,063)
Net change in total OPEB liability	(22,150)	62,928	54,157
Total OPEB liability beginning of year	725,441	662,513	608,356
Total OPEB liability end of year	<u>\$ 703,291</u>	<u>725,441</u>	<u>662,513</u>
Covered-employee payroll	\$ 9,232,541	9,473,030	8,934,281
Total OPEB liability as a percentage of covered-employee payroll	7.62%	7.66%	7.42%

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	3.13%
Year ended June 30, 2019	3.62%
Year ended June 30, 2018	3.56%
Year ended June 30, 2017	2.92%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

GILBERT COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 772,031	158,737	930,768
Receivables:			
Property tax:			
Delinquent	7,611	-	7,611
Succeeding year	699,998	-	699,998
Accounts	-	5,066	5,066
Total assets	\$ 1,479,640	163,803	1,643,443
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 190	7,782	7,972
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property taxes	699,998	-	699,998
Fund balances:			
Restricted for:			
Management levy purposes	779,452	-	779,452
Student activities	-	156,903	156,903
Unassigned	-	(882)	(882)
Total fund balances	779,452	156,021	935,473
Total liabilities, deferred inflows of resources and fund balances	\$ 1,479,640	163,803	1,643,443

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2020

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 575,440	-	575,440
Other	16,222	309,102	325,324
State sources	2,967	-	2,967
Total revenues	<u>594,629</u>	<u>309,102</u>	<u>903,731</u>
Expenditures:			
Current:			
Instruction:			
Regular	121,420	-	121,420
Other	-	313,485	313,485
Support services:			
Administration	18,418	-	18,418
Operation and maintenance of plant	109,422	-	109,422
Transportation	23,787	-	23,787
Total expenditures	<u>273,047</u>	<u>313,485</u>	<u>586,532</u>
Excess (Deficiency) of revenues over (under) expenditures	321,582	(4,383)	317,199
Other financing sources:			
Transfer in	-	61	61
Change in fund balances	321,582	(4,322)	317,260
Fund balances beginning of year	<u>457,870</u>	<u>160,343</u>	<u>618,213</u>
Fund balances end of year	<u>\$ 779,452</u>	<u>156,021</u>	<u>935,473</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2020

Account	Balance Beginning of Year	Revenues	Expenditures	Interfund Transfer	Balance End of Year
<u>Elementary</u>					
Elementary Health Club	\$ 4,980	700	1,455	-	4,225
<u>Intermediate School</u>					
Student Activity	843	999	1,111	-	731
<u>Middle School</u>					
MS Musical	3,711	2,791	2,271	-	4,231
MS Student Activity	244	2,528	-	-	2,772
MS Student Council	3,231	3,568	2,068	-	4,731
MS Yearbook	6,254	-	-	-	6,254
	<u>13,440</u>	<u>8,887</u>	<u>4,339</u>	<u>-</u>	<u>17,988</u>
<u>Classes</u>					
Class of 2018	153	-	153	-	-
Class of 2019	219	-	219	-	-
Class of 2020	1,277	6,003	6,714	-	566
Class of 2021	-	6,128	3,974	-	2,154
	<u>1,649</u>	<u>12,131</u>	<u>11,060</u>	<u>-</u>	<u>2,720</u>
<u>Music</u>					
5-8 Band Resale	189	860	302	-	747
9-12 Band	3,725	14,164	15,423	-	2,466
6-8 Vocal	-	770	116	61	715
9-12 Vocal	273	3,087	2,523	-	837
Band/Vocal Travel	405	-	-	-	405
	<u>4,592</u>	<u>18,881</u>	<u>18,364</u>	<u>61</u>	<u>5,170</u>
<u>Miscellaneous</u>					
Athletic Boosters	-	81,151	81,151	-	-
Backpack Buddies	2,745	1,128	1,496	-	2,377
General Activity	8,620	625	-	-	9,245
	<u>11,365</u>	<u>82,904</u>	<u>82,647</u>	<u>-</u>	<u>11,622</u>
<u>Athletic Support</u>					
Cheer-HS Basketball	2,130	592	-	-	2,722
Cheer-HS Football	294	9,117	9,345	-	66
Cheer-HS Wrestling	652	138	294	-	496
Cheerleaders	523	-	-	-	523
FCA	2,500	-	-	-	2,500
	<u>6,099</u>	<u>9,847</u>	<u>9,639</u>	<u>-</u>	<u>6,307</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Account	Balance Beginning of Year	Revenues	Expenditures	Interfund Transfer	Balance End of Year
<u>Athletics</u>					
Baseball	488	-	170	-	318
Baseball Camp	146	-	1,028	-	(882)
Boys Basketball Camp	5,056	-	-	-	5,056
Boy's Soccer	1,884	-	-	-	1,884
Cheer Camp	154	-	19	-	135
Cross Country Camp	-	4,714	3,306	-	1,408
Football	-	7,872	7,043	-	829
Football Camp	5,925	793	1,823	-	4,895
General Athletics	33,210	111,213	116,793	-	27,630
Girls Basketball Camp	-	4,042	3,550	-	492
Girl's Soccer	3,998	100	870	-	3,228
Softball Camp	600	640	995	-	245
Volleyball Camp	6,935	2,342	2,162	-	7,115
Wrestling	1,226	-	-	-	1,226
Wrestling Camp	1,048	1,862	2,159	-	751
	<u>60,670</u>	<u>133,578</u>	<u>139,918</u>	<u>-</u>	<u>54,330</u>
<u>HS Clubs/Organizations</u>					
After Prom	5,928	1,290	6,751	-	467
Agriculture Education	369	-	94	-	275
Art Club	67	-	-	-	67
Dance	795	752	1,040	-	507
Drama	1,593	3,638	5,231	-	-
FCCLA	651	5,439	4,788	-	1,302
FFA	12,858	18,343	19,871	-	11,330
Fine Arts Boosters	-	305	305	-	-
HS Student Activity	2,782	474	497	-	2,759
HS Student Council	5,343	2,742	3,452	-	4,633
Industrial Education Projects	346	-	158	-	188
Key Club	-	1,157	760	-	397
Spanish Club	2,886	-	-	-	2,886
Thespian Society	46	-	-	-	46
Yearbook	23,041	7,035	2,005	-	28,071
	<u>56,705</u>	<u>41,175</u>	<u>44,952</u>	<u>-</u>	<u>52,928</u>
Total	<u>\$ 160,343</u>	<u>309,102</u>	<u>313,485</u>	<u>61</u>	<u>156,021</u>

GILBERT COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUND ACCOUNTS
 JUNE 30, 2020

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Bond Construction Fund	Total
Assets				
Cash and pooled investments	\$ 3,263,397	1,117,255	539,536	4,920,188
Receivables:				
Property tax:				
Delinquent	-	12,761	-	12,761
Succeeding year	-	1,009,182	-	1,009,182
Due from other funds	138,646	-	-	138,646
Due from other governments	133,748	-	-	133,748
Total assets	\$ 3,535,791	2,139,198	539,536	6,214,525
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 765	110,707	180,014	291,486
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	1,009,182	-	1,009,182
Fund balances:				
Restricted for:				
School infrastructure	3,535,026	-	359,522	3,894,548
Physical plant and equipment	-	1,019,309	-	1,019,309
Total fund balances	3,535,026	1,019,309	359,522	4,913,857
Total liabilities, deferred inflows of resources and fund balances	\$ 3,535,791	2,139,198	539,536	6,214,525

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUND ACCOUNTS
 YEAR ENDED JUNE 30, 2020

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Bond Construction Fund	
Revenues:				
Local sources:				
Local tax	\$ -	968,804	-	968,804
Other	-	68,249	80,716	148,965
State sources	1,586,595	5,056	-	1,591,651
Total revenues	<u>1,586,595</u>	<u>1,042,109</u>	<u>80,716</u>	<u>2,709,420</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	103,668	-	103,668
Other	-	23,100	-	23,100
Support services:				
Instructional staff	63,065	300,173	-	363,238
Administration	-	119,193	-	119,193
Operation and maintenance of plant	-	24,653	-	24,653
Transportation	-	165,247	-	165,247
Capital outlay	5,500	137,020	7,831,214	7,973,734
Total expenditures	<u>68,565</u>	<u>873,054</u>	<u>7,831,214</u>	<u>8,772,833</u>
Excess (Deficiency) of revenues over (under) expenses	1,518,030	169,055	(7,750,498)	(6,063,413)
Other financing sources (uses):				
Insurance proceeds	-	20,842	-	20,842
Transfer in	502,986	-	-	502,986
Transfer out	(1,305,933)	-	-	(1,305,933)
Total other financing sources (uses)	<u>(802,947)</u>	<u>20,842</u>	<u>-</u>	<u>(782,105)</u>
Change in fund balances	715,083	189,897	(7,750,498)	(6,845,518)
Fund balances beginning of year	<u>2,819,943</u>	<u>829,412</u>	<u>8,110,020</u>	<u>11,759,375</u>
Fund balances end of year	<u>\$ 3,535,026</u>	<u>1,019,309</u>	<u>359,522</u>	<u>4,913,857</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 DEBT SERVICE FUND ACCOUNTS
 YEAR ENDED JUNE 30, 2020

	Debt Service		
	Debt Service	Debt Sinking	Total
Revenues:			
Local sources:			
Local tax	\$ 2,336,071	-	2,336,071
Other	4,978	13,974	18,952
State sources	11,420	-	11,420
Total revenues	<u>2,352,469</u>	<u>13,974</u>	<u>2,366,443</u>
Expenditures:			
Current:			
Support services:			
Administration	-	91,829	91,829
Long-term debt:			
Principal	1,325,000	9,110,000	10,435,000
Interest and fiscal charges	1,007,164	218,048	1,225,212
Total expenditures	<u>2,332,164</u>	<u>9,419,877</u>	<u>11,752,041</u>
Excess (Deficiency) of revenues over(under) expenses	20,305	(9,405,903)	(9,385,598)
Other financing sources (uses):			
Revenue bond proceeds	-	7,540,000	7,540,000
Transfer in	836,137	469,796	1,305,933
Transfer out	-	(502,986)	(502,986)
Total other financing sources (uses)	<u>836,137</u>	<u>7,506,810</u>	<u>8,342,947</u>
Change in fund balances	856,442	(1,899,093)	(1,042,651)
Fund balances beginning of year	<u>118,243</u>	<u>1,899,093</u>	<u>2,017,336</u>
Fund balances end of year	<u>\$ 974,685</u>	<u>-</u>	<u>974,685</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**GILBERT 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	\$ 10,862,415	10,158,511	9,275,768	8,780,836	7,694,989	7,069,952	6,741,390	7,912,239	8,026,253	7,422,490
Tuition	1,473,673	1,315,019	1,433,206	1,477,959	1,364,329	1,325,907	1,334,353	1,256,164	1,276,564	1,308,836
Other	817,697	958,303	722,911	879,526	987,657	863,692	1,229,704	865,195	868,275	790,325
State sources	10,942,332	10,432,078	9,796,413	9,484,303	8,900,671	8,775,107	7,868,719	6,349,315	5,922,163	5,371,584
Federal sources	361,899	354,751	336,014	272,367	249,270	424,416	235,610	780,272	346,652	624,365
Total	\$ 24,458,016	23,218,662	21,564,312	20,894,991	19,196,916	18,459,074	17,409,776	17,163,185	16,439,907	15,517,600
Expenditures:										
Instruction:										
Regular	\$ 8,808,035	8,538,499	7,974,430	7,968,003	7,429,364	6,711,513	6,781,612	6,371,385	6,027,763	5,580,872
Special	2,156,279	1,828,836	1,758,745	1,566,734	1,588,213	1,225,019	1,387,866	1,297,830	1,241,428	1,377,017
Other	2,181,527	2,116,380	2,197,416	2,320,414	1,918,459	2,193,111	2,213,468	2,022,284	2,041,010	1,919,858
Support services:										
Student	451,919	308,272	263,433	328,156	382,889	443,744	431,759	326,177	229,282	155,810
Instructional staff	792,762	714,203	582,375	470,670	444,596	884,626	475,453	465,600	403,903	376,610
Administration	2,004,565	1,759,497	1,542,907	1,554,600	1,479,463	1,491,807	1,501,623	1,377,253	1,228,173	1,052,647
Operation and maintenance of plant	1,706,523	1,577,520	1,446,429	1,404,622	1,421,340	1,212,276	1,227,890	889,921	823,255	828,007
Transportation	663,005	651,237	637,012	623,796	551,703	639,385	668,288	701,188	576,238	560,077
Non-instructional programs	-	-	16,670	3,145	1,120	368	1,050	1,310	-	11,368
Capital outlay	7,973,734	5,961,202	863,035	218,125	235,173	754,601	10,205,067	16,526,076	6,294,207	1,442,205
Long-term debt:										
Principal	10,435,000	2,060,000	2,145,000	1,725,000	1,685,000	1,685,000	6,870,000	825,000	2,405,000	920,000
Interest	1,225,212	1,052,190	776,175	819,586	826,077	907,978	1,010,286	847,170	615,876	403,756
Other expenditures:										
AEA flowthrough	676,642	640,009	602,792	570,309	540,175	526,962	493,400	460,602	426,301	445,562
Total	\$ 39,075,203	27,207,845	20,806,419	19,573,160	18,503,572	18,676,390	33,267,762	32,111,796	22,312,436	15,073,789

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

**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 Gilbert Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Gilbert Community School District as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 8, 2021.

Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-B-20 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gilbert Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we 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 our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

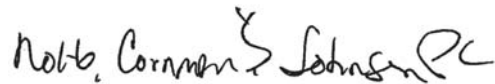
Gilbert Community School District's Responses to Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Gilbert Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

March 8, 2021
Newton, Iowa

GILBERT COMMUNITY SCHOOL DISTRICT
SCHEDULED OF FINDINGS
YEAR ENDED JUNE 30, 2020

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-20 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 - One individual has control over one or more of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Inventories - ordering, receiving, issuing and storing.
- 3) Capital assets - purchasing, recording and reconciling.
- 4) Payroll - recordkeeping, preparation.
- 5) Computer systems - performing all general accounting functions and controlling all data input and output.
- 6) Journal entries - writing, posting and approving.

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

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

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

Response - The District will continue to look at best practices for internal controls to be used for the District. The District will utilize all office employees when possible to achieve the highest level of segregation of duties as possible.

Conclusion - Response accepted.

I-B-20 Negative Lunch Account Balances

Criteria - Management is responsible for implementing and maintaining policies and procedures related to the collection of revenue for meals served by the School Nutrition Program.

Condition - We noted during the audit the School Nutrition Fund appears to be carrying numerous negative lunch account balances at year-end, some of which appear to be excessive in amount.

Cause - The District's policies and procedures do not appear to currently ensure adequate collection of revenues earned for meals served which enables patrons to accumulate significant deficit balances.

Effect - Potentially ineffective or unenforced policies and procedures over lunch account revenue and related balances could result in the District forgoing or not collecting revenue to which it is entitled for meals served.

Recommendation - The District should review its policies and procedures regarding the treatment of deficit student lunch account balances aimed at discouraging accounts from becoming excessively negative. The District should explore and implement various collection techniques in an attempt to collect the amounts owed.

Response - The District will continue to monitor student lunch accounts that have a deficit. The District will continue to follow their policies in place to successfully support parents to pay their deficits in a timely manner, but this proved to be very difficult during the COVID-19 pandemic.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-20 Certified Budget - Expenditures for the year ended June 30, 2020 did not exceed the certified budgeted amounts.

II-B-20 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-20 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-20 Business Transactions - The following business transactions between the District and District employees were noted.

Name, Title and Business Connection	Transaction Description	Amount
Jon Davis, Teacher Penny Davis, Secretary Co-owners Sweet Serve Rentals LLC	Rentals	\$308
Melody Clouser, Kitchen Staff Spouse owns Clouser Plumbing	Purchased services	\$2,179

In accordance with an Attorney General's opinion dated July 2, 1990, the above transactions with District employees do not appear to represent a conflict of interest.

In accordance with an Attorney General's opinion dated November 9, 1976, the above transactions with the relative of a District employee do not appear to represent a conflict of interest.

II-E-20 Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68/B of the Code of Iowa.

II-F-20 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

II-G-20 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. We also noted the minutes included a listing of the approved District depositories and their respective limits as required by Chapter 12C.2 of the Code of Iowa, however, the June 30, 2020 balance of deposits on hand at one approved depository exceeded the maximum amount specified.

Recommendation - The District should amend the official depository resolution and set maximum limits at an amount sufficient enough they are not exceeded by District cash balances.

Response - The District increased the maximum limits from \$100,000 to \$200,000 for UMB at the December 14, 2020 regular meeting to ensure the amount is not exceeded by District cash balances.

Conclusion - Response accepted.

II-H-20 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

II-I-20 Supplementary Weighting - We noted variances in the supplementary weighting certified to the Iowa Department of Education. The District's supplementary weighting was overstated by 0.614.

Recommendation - The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.

Response - The District's auditors will contact the Iowa Department of Education and the Iowa Department of Management on our behalf.

Conclusion - Response accepted.

II-J-20 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investments policy were noted.

II-K-20 Certified Annual Report - The Certified Annual Report certified timely with the Iowa Department of Education and we noted no significant deficiencies in amounts reported.

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

II-M-20 Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting

elements related to the statewide sales, services, and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2020, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2020 audit:

Beginning balance		\$ 2,819,943
Revenues/transfers in:		
Sales tax revenues	\$ 1,586,595	
Transfer from other funds	<u>502,986</u>	<u>2,089,581</u>
		4,909,524
Expenditures/transfers out:		
School infrastructure construction	\$ 5,500	
Equipment	4,291	
Other	58,774	
Transfers to other funds:		
Debt service fund	<u>1,305,933</u>	<u>1,374,498</u>
Ending balance		<u>\$ 3,535,026</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.

II-N-20 Financial Condition - At June 30, 2020, the District had one account in the Student Activity Fund with a deficit unassigned balance of \$882.

Recommendation - The District should review purchase approval procedures for the Student Activity Fund with Activity Fund sponsors and may wish to require additional approval before ordering goods and services from this account. The District should also develop a workout plan to eliminate the deficit account balance.

Response - The District has advised the Athletic Director to work with coaches and staff on the proper business procedures for the Activity Fund accounts. The District Office will continue to monitor these expenses and revenues to ensure a positive balance is achieved at the end of the fiscal year.

Conclusion - Response accepted.