



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

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NEWS RELEASE

FOR RELEASE

March 29, 2021

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released an audit report on Clarinda Community School District in Clarinda, Iowa.

FINANCIAL HIGHLIGHTS:

The District's revenues totaled \$14,712,790 for the year ended June 30, 2020, a 6.4% increase over the prior year. Expenses for the District operations for the year ended June 30, 2020 totaled \$14,917,015, a 4.5% increase over the prior year. The increase in revenues is due primarily to an increase in charge for services from tuition from Clarinda Academy and other school districts.

AUDIT FINDINGS:

Sand reported six findings related to the receipt and expenditure of taxpayer funds. They are found on pages 80 through 88 of this report. The findings address issues such as a lack of segregation of duties, a lack of complete bank reconciliations that include reconciling all bank and investment accounts to the general ledger, lack of independent review and approval of adjusting journal entries, lack of issuing prenumbered receipts for all student activity receipts and expenditures exceeding budgeted amounts. Sand provided the District with recommendations to address each of the findings.

Two of the six findings discussed above are repeated from the prior year. The Community School District's Board of Education has a fiduciary responsibility to provide oversight of the Community School District's financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/audit-reports>.

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CLARINDA COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

Clarinda Community School District



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March 11, 2021

Officials of Clarinda Community School District
Clarinda, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Clarinda Community School District for the year ended June 30, 2020. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Clarinda Community School District throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand
Auditor of State

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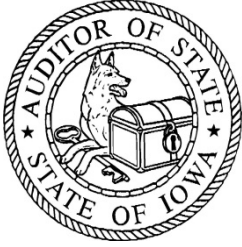
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Clarinda Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Gregory Jones	President	2023
Darin Sunderman	Vice President	2023
Ann Meyer	Board Member	2021
Stacy Pulliam	Board Member	2021
Trish Bergren	Board Member	2023
School Officials		
Chris Bergman	Superintendent	Indefinite
Jason Montgomery	Director of Finance	Resigned Jan 2020
Joyce Morgan	Interim Business Manager	Jan to Mar 2020
Colby Pedersen	Director of Finance	Indefinite
Ahlers & Cooney, PC	Attorney	Indefinite



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Independent Auditor's Report

To the Board of Education of Clarinda 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 Clarinda Community School District, Clarinda 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 Clarinda 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.

Emphasis of a Matter

As discussed in Note 14 to the financial statements, Clarinda Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

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 IPERS Net Pension Liability, the Schedule of District IPERS Contributions, the Schedule of Changes in the District's Total Supplemental Pension Liability and Related Ratios and Notes and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 52 through 63 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.

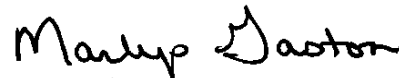
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clarinda Community School District's basic financial statements. The financial statements for the nine years ended June 30, 2019 (which are not presented herein) were audited by another auditor who expressed unmodified opinions. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), 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 11, 2021 on our consideration of Clarinda 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 Clarinda Community School District's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA
Deputy Auditor of State

March 11, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Clarinda 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

- The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities, during fiscal year 2020. The beginning net position for the prior year Scholarship Trust Fund was reclassified as a special revenue fund in accordance with the GASBS.
- General Fund revenues increased from \$11,563,605 in fiscal year 2019 to \$12,593,768 in fiscal year 2020, while General Fund expenditures increased from \$11,826,197 in fiscal year 2019 to \$12,483,969 in fiscal year 2020. The District's General Fund balance increased from \$1,831,972 at the end of fiscal year 2019 to \$1,941,771 at the end of fiscal year 2020, a 6.0% increase.
- The fiscal year 2020 General Fund revenue increase was attributable to increases in property tax, tuition, state aid and grant revenue. The increase in expenditures was due primarily to an increase in negotiated salaries and benefits and other instructional spending.

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 Clarinda Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental and business type activities services were financed in the short term as well as what remains for future spending. Fund financial statements report Clarinda Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds.

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 IPERS net pension liability and related contributions, the changes in the District's total supplemental pension liability and related ratios, 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. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has 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 and the Capital Projects Fund.

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

- 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. Internal Service Funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for other District programs and activities. The District currently has one Internal Service Fund, the Flex Spending Fund.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-1								
Condensed Statement of Net Position								
(Expressed in Thousands)								
	Governmental Activities		Business Type Activities		Total District		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2019		2019		2019		2019-2020	
	2020 (Not Restated)		2020 (Not Restated)		2020 (Not Restated)		2019-2020	
Current and other assets	\$ 11,486	10,038	205	186	11,691	10,224	14.3%	
Capital assets	8,616	8,122	38	32	8,654	8,154	6.1%	
Total assets	20,102	18,160	243	218	20,345	18,378	10.7%	
Deferred outflows of resources	1,467	1,480	45	46	1,512	1,526	-0.9%	
Long-term liabilities	6,588	6,811	180	198	6,768	7,009	-3.4%	
Other liabilities	1,999	471	49	40	2,048	511	300.8%	
Total liabilities	8,587	7,282	229	238	8,816	7,520	17.2%	
Deferred inflows of resources	4,572	3,775	33	11	4,605	3,786	21.6%	
Net position:								
Net investment in capital assets	8,616	7,792	38	32	8,654	7,824	10.6%	
Restricted	3,063	4,735	-	-	3,063	4,735	-35.3%	
Unrestricted	(3,269)	(3,944)	(12)	(17)	(3,281)	(3,961)	17.2%	
Total net position	\$ 8,410	8,583	26	15	8,436	8,598	-1.9%	

Prior to restatement, the District's total net position decreased 1.9%, or approximately \$162,000, from the prior year.

The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, 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 approximately \$1,672,000, or 35.3%, from the prior year. The decrease was primarily a result of increased expenditures in the Capital Projects Fund for acquisition of property and improvements, an increase of capital outlays for building improvements and lease purchase agreements and the District reporting the supplemental pension plan in the current year.

Prior to restatement, unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$680,000, or 17.2%. This increase in unrestricted net position was primarily a result of the increase in unrestricted state grants, tuition, income surtax as well a decrease in the total OPEB liability.

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	2019	2020 (Not Restated)	2019	2020 (Not Restated)	2019	2020 (Not Restated)	2019-2020
Revenues:							
Program revenues:							
Charges for service	\$ 1,913	1,553	181	234	2,094	1,787	17.2%
Operating grants, contributions and restricted interest	2,047	1,922	428	381	2,475	2,303	7.5%
General revenues:							
Property tax	3,378	3,339	-	-	3,378	3,339	1.2%
Income Surtax	462	385	-	-	462	385	20.0%
Statewide sales, services and use tax	1,026	1,005	-	-	1,026	1,005	2.1%
Unrestricted state grants	5,128	4,906	-	-	5,128	4,906	4.5%
Unrestricted investment earnings	59	51	-	-	59	51	15.7%
Other	60	55	30	3	90	58	55.2%
Total revenues	14,073	13,216	639	618	14,712	13,834	6.3%
Program expenses:							
Instruction	8,744	8,059	-	-	8,744	8,059	8.5%
Support services	4,815	4,993	-	-	4,815	4,993	-3.6%
Non-instructional programs	-	-	628	583	628	583	0.0%
Other expenses	730	645	-	-	730	645	13.2%
Total expenses	14,289	13,697	628	583	14,917	14,280	4.5%
Change in net position	(216)	(481)	11	35	(205)	(446)	-54.0%
Net position beginning of year, as restated	8,626	9,064	15	(20)	8,641	9,044	-4.5%
Net position end of year	\$ 8,410	8,583	26	15	8,436	8,598	-1.9%

In fiscal year 2020, property tax and unrestricted state grants accounted for 60.4% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 95.3% of business type activities revenues. The District's total revenues were approximately \$14.7 million, of which approximately \$14.1 million was for governmental activities and \$0.6 million was for business type activities.

As shown in Figure A-2, the District as a whole experienced a 6.3% increase in revenues and a 4.5% increase in expenses. Property tax revenues increased approximately \$39,000 to fund the increase in expenses. The increase in expenses is primarily related to increases in negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$14,073,736 and expenses were \$14,288,988 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 2019-2020	2020	2019	Change 2019-2020
Instruction	\$ 8,744	8,059	8.5%	\$ 5,251	5,022	4.6%
Support services	4,815	4,993	-3.6%	4,790	4,979	-3.8%
Other expenses	730	645	13.2%	288	221	30.3%
Total	\$ 14,289	13,697	4.3%	\$ 10,329	10,222	1.0%

For the year ended June 30, 2020:

- The cost financed by users of the District's programs was \$1,913,026.
- Federal and state government and local grants subsidized certain programs with grants and contributions totaling \$2,046,550.
- The net cost of governmental activities was financed with \$3,377,829 of property and other taxes and \$5,128,335 of unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2020 were \$639,054, representing a 3.4% increase over the prior year, while expenses totaled \$628,027, a 7.7% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and miscellaneous.

Charges for services decreased \$53,026, or 22.7%, due to the cafeteria closing in March due to COVID-19. Federal sources of revenue increased \$47,725 or 12.7%, primarily due to the receipt of COVID-19 – National School Lunch Program funding.

INDIVIDUAL FUND ANALYSIS

As previously noted, Clarinda Community School District uses fund accounting to 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 \$5,409,727, under last year's restated ending fund balances of \$5,772,527. The primary reason for the decrease in combined fund balances at the end of fiscal year 2020 is due to an increase of approximately \$550,000 in facilities acquisition expenditures in the Capital Projects Fund netted with proceeds from a lease purchase agreement. Additionally, the Management fund balance decreased due to a reduction in the property tax levy for fiscal year 2020.

Governmental Fund Highlights

- The General Fund balance increased from \$1,831,972 to \$1,941,771. The increase in General Fund financial position is the result of many factors. Growth during the year in tax, tuition and state grants resulted in an increase in revenues. While general fund expenditures did not increase as rapidly.
- The Capital Projects Fund balance decreased \$321,128 due to an increase in facilities acquisition spending during fiscal year 2020. Expenditures increased approximately \$564,000, primarily because the District increased spending for building improvements and purchased a local property.

Proprietary Fund Highlights

School Nutrition Fund net position increased from \$14,820 at June 30, 2019 to \$25,847 at June 30, 2020, an increase of 74.4%. Revenues increased 3.5% due to increased federal reimbursements for the student meal program related to COVID-19.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except the Internal Service Fund. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's certified budget is prepared on a GAAP basis. Over the course of the year, Clarinda Community School District amended its budget twice to reflect additional expenditures for personnel costs for instruction and increase in other expenditures for construction and facility acquisition.

The District's total revenues were \$278,462 more than total budgeted revenues, a variance of 1.9%. The variance was more than anticipated due to higher collections of local, state and federal funding than originally anticipated.

Total expenditures were more than budgeted, due primarily to the District's budget for the General Fund. The District increased the budgeted expenditures; however, the budget increase should have been greater due to the District changing the method of paying salary and benefits during the summer months. Also, capital project spending was more than anticipated at the end of the fiscal year due to the unplanned purchase of a local property.

Expenditures in the instruction, support services and other functional areas exceeded the amounts budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had invested approximately \$8.6 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities and equipment, vehicles and other equipment. (See Figure A-4) This represents a net increase of 6.1% over last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$422,953.

The original cost of the District's capital assets was approximately \$18.5 million. Governmental funds account for approximately \$18.3 million, with the remainder of approximately \$0.2 million accounted for in the Enterprise, School Nutrition Fund.

During the current year, the District purchased property for approximately \$380,000 and had construction in progress for various facilities and property upgrades.

Figure A-4
Capital Assets, net of Depreciation
(expressed in thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-2020
Land	\$ 121	121	-	-	121	121	0.0%
Construction in progress	270	-	-	-	270	-	100.0%
Buildings	7,107	6,876	-	-	7,107	6,876	3.4%
Improvements other than buildings	528	584	-	-	528	584	-9.6%
Furniture and equipment	590	541	38	32	628	573	9.6%
Total	\$ 8,616	8,122	38	32	8,654	8,154	6.1%

Long-Term Debt

At June 30, 2020, the District had \$376,276 of total long-term debt outstanding. This represents an increase of 14.3% over last year. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 4 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding lease purchase agreement is significantly below its constitutional debt limit of approximately \$27 million.

Figure A-5
Outstanding Long-Term Obligations
(expressed in thousands)

	Total District		Total Change
	June 30,		June 30,
	2020	2019	2019-2020
Lease purchase agreement	\$ 376	329	14.3%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District has experienced a decrease in enrollment due to COVID-19. This will affect the funding received from the State for the General Fund. This will also affect the amount of statewide sales, services and use tax dollars the District will receive monthly.
- Due to the decrease in enrollment during FY 2020 because of COVID-19 the District projects to be on a budget guarantee during FY 2021 which is funded by local property tax.
- Page County is currently conducting property value assessments which are projected to be completed in fiscal year 2022. This is projected to give the District an increase in property valuations.
- The District plans to replace a bus in year 2021-2022. With new regulations on buses requiring seatbelts, we anticipate this expenditure to be approximately \$120,000. Funds to purchase this bus are projected to come from the PPEL/Capital Projects Fund.
- For FY 2021 Clarinda School District and the Clarinda Education Teachers Association will negotiate a new agreement during fiscal year 2020. Settlements in excess of “new money” or supplemental state aid will have an adverse effect on the District’s General Fund budget and related fund balance.

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 Colby Pedersen, Director of Finance, Clarinda Community School District, 423 East Nodaway, Clarinda, Iowa, 51632.

Clarinda Community School District

Basic Financial Statements

Clarinda Community School District

Clarinda Community School District

Statement of Net Position

Year ended June 30, 2020

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 6,564,855	144,620	6,709,475
Cash held by health plan trustee	7,223		7,223
Receivables:			
Property tax:			
Delinquent	38,396	-	38,396
Succeeding year	3,531,000	-	3,531,000
Accounts	36,433	3,576	40,009
Due from other governments	1,308,005	33,062	1,341,067
Inventories	-	24,011	24,011
Capital assets, net of accumulated depreciation	8,616,004	38,392	8,654,396
Total assets	20,101,916	243,661	20,345,577
Deferred Outflows of Resources			
Pension related deferred outflows	1,396,566	42,394	1,438,960
OPEB related deferred outflows	70,652	2,336	72,988
Total deferred outflows of resources	1,467,218	44,730	1,511,948
Liabilities			
Accounts payable	669,304	-	669,304
Salaries and benefits payable	1,208,618	34,199	1,242,817
Due to other governments	8,736	-	8,736
Unearned revenue for student meals	-	15,050	15,050
Advances from grantees	112,349	-	112,349
Long-term liabilities:			
Portion due within one year:			
Lease purchase agreements	220,352	-	220,352
Compensated absences	47,690	245	47,935
Total OPEB liability	48,271	1,596	49,867
Portion due after one year:			
Lease purchase agreements	155,924	-	155,924
Net pension liability	5,373,482	153,436	5,526,918
Total OPEB liability	742,313	24,539	766,852
Total liabilities	8,587,039	229,065	8,816,104
Deferred Inflows of Resources			
Unavailable property tax revenue	3,531,000	-	3,531,000
Pension related deferred inflows	778,393	23,909	802,302
OPEB related deferred outflows	262,374	9,570	271,944
Total deferred inflows of resources	4,571,767	33,479	4,605,246
Net Position			
Net investment in capital assets	8,616,004	38,392	8,654,396
Restricted for:			
Categorical funding	236,899	-	236,899
School infrastructure	2,648,008	-	2,648,008
Student activities	116,051	-	116,051
Physical plant and equipment	60,286	-	60,286
Scholarship fund	1,606	-	1,606
Unrestricted	(3,268,526)	(12,545)	(3,281,071)
Total net position	\$ 8,410,328	25,847	8,436,175

See notes to financial statements.

Clarinda Community School District

Statement of Activities

Year ended June 30, 2020

	Expenses	Program Revenues	
		Charges for Service	Operating Grants, Contributions and Restricted Interest
Functions/Programs:			
Governmental activities:			
Instruction:			
Regular instruction	\$ 5,137,913	1,057,403	722,971
Special instruction	1,973,989	645,720	259,218
Other instruction	1,632,410	208,363	599,657
	<u>8,744,312</u>	<u>1,911,486</u>	<u>1,581,846</u>
Support services:			
Student	465,973	-	22,678
Instructional staff	1,049,313	-	-
Administration	1,673,121	-	-
Operation and maintenance of plant	1,174,425	1,540	-
Transportation	452,229	-	1,022
	<u>4,815,061</u>	<u>1,540</u>	<u>23,700</u>
Other expenditures:			
AEA flowthrough	441,004	-	441,004
Depreciation (unallocated)*	288,611	-	-
	<u>729,615</u>	<u>-</u>	<u>441,004</u>
Total governmental activities	<u>14,288,988</u>	<u>1,913,026</u>	<u>2,046,550</u>
Business type activities:			
Non-instructional programs:			
Food service operations	628,027	180,857	428,431
Total	<u>\$ 14,917,015</u>	<u>2,093,883</u>	<u>2,474,981</u>

General Revenues:

Property tax levied for:	
General purposes	
Capital outlay	
Statewide sales, services and use tax	
Income surtax	
Unrestricted state grants	
Unrestricted investment earnings	
Gain on disposal of capital asset	
Other	
Total general revenues	
Change in net position	
Net position beginning of year, as restated	
Net position end of year	

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

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
(3,357,539)	-	(3,357,539)
(1,069,051)	-	(1,069,051)
(824,390)	-	(824,390)
(5,250,980)	-	(5,250,980)
(443,295)	-	(443,295)
(1,049,313)	-	(1,049,313)
(1,673,121)	-	(1,673,121)
(1,172,885)	-	(1,172,885)
(451,207)	-	(451,207)
(4,789,821)	-	(4,789,821)
-	-	-
(288,611)	-	(288,611)
(288,611)	-	(288,611)
(10,329,412)	-	(10,329,412)
-	(18,739)	(18,739)
(10,329,412)	(18,739)	(10,348,151)
3,272,418	-	3,272,418
105,411	-	105,411
1,026,287	-	1,026,287
462,507	-	462,507
5,128,335	-	5,128,335
59,145	192	59,337
4,700	-	4,700
55,357	29,574	84,931
10,114,160	29,766	10,143,926
(215,252)	11,027	(204,225)
8,625,580	14,820	8,640,400
\$ 8,410,328	25,847	8,436,175

Clarinda Community School District

Balance Sheet
Governmental Funds

June 30, 2020

	General	Capital Projects	Nonmajor	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 3,018,120	3,010,253	397,144	6,425,517
Cash held by health plan trustee	7,223			7,223
Receivables:				
Property tax:				
Delinquent	36,436	1,156	804	38,396
Succeeding year	3,164,000	97,000	270,000	3,531,000
Accounts	36,421	-	12	36,433
Due from other governments	1,221,530	86,475	-	1,308,005
Total assets	\$ 7,483,730	3,194,884	667,960	11,346,574
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 641,416	13,314	14,574	669,304
Salaries and benefits payable	1,208,618	-	-	1,208,618
Due to other governments	8,736	-	-	8,736
Advances from grantors	112,349	-	-	112,349
Total liabilities	1,971,119	13,314	14,574	1,999,007
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	3,164,000	97,000	270,000	3,531,000
Other	406,840	-	-	406,840
Total deferred inflows of resources	3,570,840	97,000	270,000	3,937,840
Fund balances:				
Restricted for:				
Categorical funding	236,899	-	-	236,899
Management levy purposes	-	-	265,729	265,729
Student activities	-	-	116,051	116,051
School infrastructure	-	2,648,008	-	2,648,008
Physical plant and equipment	-	436,562	-	436,562
Scholarships	-	-	1,606	1,606
Unassigned	1,704,872	-	-	1,704,872
Total fund balances	1,941,771	3,084,570	383,386	5,409,727
Total liabilities, deferred inflows of resources and fund balances	\$ 7,483,730	3,194,884	667,960	11,346,574

See notes to financial statements.

Clarinda 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 22) \$ 5,409,727

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 8,616,004

The Internal Service Fund is used by management to charge the costs of the District's flexible benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 139,338

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 406,840

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 1,467,218	
Deferred inflows of resources	<u>(1,040,767)</u>	426,451

Long-term liabilities, including lease purchase agreement, compensated absences payable, total OPEB liability and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds. (6,588,032)

Net position of governmental activities (page 19) \$ 8,410,328

See notes to financial statements.

Clarinda Community School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2020

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 3,658,675	105,412	72,103	3,836,190
Tuition	1,463,738	-	-	1,463,738
Other	264,472	52,702	211,480	528,654
State sources	6,641,969	1,027,926	1,140	7,671,035
Federal sources	564,914	-	-	564,914
Total revenues	12,593,768	1,186,040	284,723	14,064,531
Expenditures:				
Current:				
Instruction:				
Regular	4,886,188	-	37,230	4,923,418
Special	1,997,048	-	-	1,997,048
Other	1,398,089	-	233,885	1,631,974
	8,281,325	-	271,115	8,552,440
Support services:				
Student	444,245	-	-	444,245
Instructional staff	752,997	320,228	-	1,073,225
Administration	1,392,178	373,569	3,030	1,768,777
Operation and maintenance of plant	856,008	16,306	162,049	1,034,363
Transportation	316,212	140,547	-	456,759
	3,761,640	850,650	165,079	4,777,369
Other expenditures:				
Facilities acquisition	-	891,226	-	891,226
AEA flowthrough	441,004	-	-	441,004
	441,004	891,226	-	1,332,230
Total expenditures	12,483,969	1,741,876	436,194	14,662,039
Excess (deficiency) of revenues over (under) expenditures	109,799	(555,836)	(151,471)	(597,508)
Other financing sources:				
Proceeds from lease purchase agreement	-	234,708	-	234,708
Change in fund balances	109,799	(321,128)	(151,471)	(362,800)
Fund balances beginning of year, as restated	1,831,972	3,405,698	534,857	5,772,527
Fund balances end of year	\$ 1,941,771	3,084,570	383,386	5,409,727

See notes to financial statements.

Clarinda 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 24) \$ (362,800)

**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. These costs are not reported in the Statement of Activities, but they are allocated over the estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 905,423	
Depreciation expense	<u>(415,818)</u>	489,605

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 4,700

Income surtax revenues will not be collected for several months after the year end, therefore these are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds. 4,148

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

Issued	(234,708)	
Repaid	<u>187,755</u>	(46,953)

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. 593,910

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

Compensated absences	(47,690)	
Pension expense	(869,389)	
OPEB Expense	<u>(32,025)</u>	(949,104)

The Internal Service Fund is used by management to charge the costs of partial self funding of the District's flexible benefit plan to individual funds. The change in net position of the Internal Service Fund is reported in governmental activities. 51,242

Change in net position of governmental activities (page 21) \$ (215,252)

See notes to financial statements.

Clarinda Community School District

Statement of Net Position
Proprietary Fund

June 30, 2020

	Business Type Activities	Governmental Activities
	Enterprise - School Nutrition	Internal Service - Flex Spending
Assets		
Current assets:		
Cash and cash equivalents	\$ 144,620	\$ 139,338
Accounts receivable	3,576	-
Due from other governments	33,062	-
Inventories	24,011	-
Total current assets	205,269	139,338
Noncurrent assets:		
Capital assets, net of accumulated depreciation	38,392	-
Total assets	243,661	139,338
Deferred Outflows of Resources		
Pension related deferred outflows	42,394	-
OPEB related deferred outflows	2,336	-
Total deferred outflows of resources	44,730	-
Liabilities		
Current liabilities:		
Salaries and benefits payable	34,199	
Unearned student meals	15,050	-
Total current liabilities	49,249	-
Noncurrent liabilities:		
Compensated absences	245	-
Net pension liability	153,436	-
Total OPEB liability	26,135	-
Total noncurrent liabilities	179,816	-
Total liabilities	229,065	-
Deferred inflows of resources		
Pension related deferred inflows	23,909	-
OPEB related deferred inflows	9,570	-
Total deferred inflows of resources	33,479	-
Net Position		
Net investment in capital assets	38,392	-
Unrestricted	(12,545)	139,338
Total net position	\$ 25,847	\$ 139,338

See notes to financial statements.

Clarinda Community School District

Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Fund

Year ended June 30, 2020

	Business Type Activities	Governmental Activities
	Enterprise - School Nutrition	Internal Service - Flex Spending
Operating revenues:		
Local sources:		
Charges for service	\$ 180,857	\$ -
Miscellaneous refunds and donations	29,574	-
Employee contributions	-	128,952
Total operating revenues	<u>210,431</u>	<u>128,952</u>
Operating expenses:		
Support services:		
Non-instructional programs:		
Food service operations:		
Salaries	201,502	-
Benefits	105,274	-
Purchased services	3,945	-
Supplies	310,171	-
Depreciation	7,135	-
Other	-	78,067
Total operating expenses	<u>628,027</u>	<u>78,067</u>
Operating income (loss)	<u>(417,596)</u>	<u>50,885</u>
Non-operating revenues:		
State sources	5,291	-
Federal sources	423,140	-
Interest income	192	357
Total non-operating revenues	<u>428,623</u>	<u>357</u>
Increase in net position	11,027	51,242
Net position beginning of year, as restated	<u>14,820</u>	<u>88,096</u>
Net position end of year	<u>\$ 25,847</u>	<u>\$ 139,338</u>

See notes to financial statements.

Clarinda Community School District

Clarinda Community School District

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2020

	Business Type Activities	Governmental Activities
	Enterprise - School Nutrition	Internal Service - Flex Spending
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 218,804	\$ -
Cash received from miscellaneous operating activities	-	128,952
Cash paid to suppliers for goods or services	(558,758)	(78,067)
Net cash provided (used) by operating activities	(339,954)	50,885
Cash flows from non-capital financing activities:		
State grants received	5,291	-
Federal grants received	343,721	-
Net cash provided by non-capital financing activities	349,012	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(13,867)	-
Cash flows from investing activities:		
Interest on investments	192	357
Net increase (decrease) in cash and cash equivalents	(4,617)	51,242
Cash and cash equivalents beginning of year, as restated	149,237	88,096
Cash and cash equivalents end of year	\$ 144,620	\$ 139,338
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (417,596)	\$ 50,885
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Commodities used	46,357	-
Depreciation	7,135	-
Loss on disposal of capital assets	504	-
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Decrease in inventories	7,429	-
Decrease in accounts receivable	1,311	-
Increase in salaries and benefits payable	2,340	-
Increase in unearned revenue	7,062	-
Increase in compensated absences	245	-
Decrease net pension liability	(6,731)	-
Decrease in deferred outflows of resources	942	-
Increase in deferred inflows of resources	22,964	-
Decrease in total OPEB liability	(11,916)	-
Net cash provided (used) by operating activities	(339,954)	50,885

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2020, the District received \$46,357 of federal commodities.

See notes to financial statements.

Clarinda Community School District

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

Clarinda Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the City of Clarinda, Iowa and the predominate agricultural territory in Page and Taylor County. 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, Clarinda 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 Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Page and Taylor County Assessor's Conference Board.

B. Basis of Presentation

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

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

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

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

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 and proprietary. 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.

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 District reports the following major proprietary fund:

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

Additionally, the District reports the following fund:

Proprietary Fund – An Internal Service Fund is utilized to charge the costs of the District's flexible benefit plan to individual funds.

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 lease purchase agreements are reported as other financing sources.

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

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

Proprietary funds distinguish operating revenues and expenses from 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 Balance/Net Position

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2019.

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

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

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles 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 the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 3,000
Buildings	3,000
Improvements other than buildings	3,000
Intangibles	150,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	3,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50
Improvements other than buildings	20
Intangibles	2 or more
Machinery and equipment	5 - 15

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the District after the measurement date but before the end of the District’s reporting period.

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

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

Advances From Grantors – Advances from grantors includes CARES Act funds which have not been earned as of June 30, 2020.

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 and 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 inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, unrecognized items not yet charged to pension and OPEB expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

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

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

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Flex Spending Fund is designated for future employee health care costs of the District.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, expenditures exceeded the amounts budgeted in the instruction, support services and other expenditure functions.

(2) Cash, Cash Equivalents and Pooled Investments

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

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

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

(3) 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	\$ 120,863	-	-	120,863
Construction in progress	-	270,338	-	270,338
Total capital assets not being depreciated	120,863	270,338	-	391,201
Capital assets being depreciated:				
Buildings	13,679,609	462,042	-	14,141,651
Improvements other than buildings	2,057,766	-	-	2,057,766
Machinery and equipment	1,683,668	177,743	(96,245)	1,765,166
Total capital assets being depreciated	17,421,043	639,785	(96,245)	17,964,583
Less accumulated depreciation for:				
Buildings	6,803,985	230,714	-	7,034,699
Improvements other than buildings	1,473,450	56,247	-	1,529,697
Machinery and equipment	1,142,772	128,857	(96,245)	1,175,384
Total accumulated depreciation	9,420,207	415,818	(96,245)	9,739,780
Total capital assets being depreciated, net	8,000,836	223,967	-	8,224,803
Governmental activities capital assets, net	\$ 8,121,699	494,305	-	8,616,004
Business type activities:				
Furniture and equipment	\$ 171,457	13,867	(3,026)	182,298
Less accumulated depreciation	139,293	7,135	(2,522)	143,906
Business type activities capital assets, net	\$ 32,164	6,732	(504)	38,392

Depreciation expense was charged to the following functions:

Governmental activities:		
Instruction:		
Regular		\$ 4,929
Other		5,331
Support services:		
Instructional staff		12,085
Operation and maintenance of plant		14,723
Transportation		90,139
		127,207
Unallocated		288,611
Total depreciation expense - governmental activities		\$ 415,818
Business type activities:		
Food service operations		\$ 7,135

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Balance Beginning of Year, as restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Lease purchase agreement	\$ 329,323	234,708	187,755	376,276	220,352
Compensated absences	-	57,316	9,626	47,690	47,690
Net pension liability	5,579,053	13,580	219,151	5,373,482	-
Total OPEB liability	950,281	-	159,697	790,584	48,271
Total	\$ 6,858,657	305,604	576,229	6,588,032	316,313
Business type activities:					
Compensated absences	\$ -	490	245	245	245
Net pension liability	160,167	-	6,731	153,436	-
Total OPEB liability	38,051	-	11,916	26,135	1,596
Total	\$ 198,218	490	18,892	179,816	1,841

Lease Purchase Agreements

On April 28, 2017, the District entered into a lease purchase agreement with CSI Leasing, Inc. to purchase Apple iPads, laptops and associated equipment and software. The District purchased the equipment for \$203,402 with an interest rate of 2.795% per annum.

On April 8, 2018, the District entered into a lease purchase agreement with CSI Leasing, Inc. to purchase Apple iPads, laptops and associated equipment and software. The District purchased the equipment for \$199,925 with an interest rate of 3.89% per annum.

On April 15, 2019, the District entered into a lease purchase agreement with CSI Leasing, Inc. to purchase Apple iPads, laptops and associated equipment and software. The District purchased the equipment for \$269,180 with an interest rate of 4.17% per annum.

On April 16, 2020, the District entered into a lease purchase agreement with CSI Leasing, Inc. to purchase Apple iPads, laptops and associated equipment and software. The District purchased the equipment for \$234,708 with an interest rate of 1.25% per annum.

Details of the District's lease purchase agreements are as follows:

Year Ending June 30,	April 8, 2018 Lease			April 15, 2019 Lease		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2021	3.89%	\$ 51,266	1,994	4.17%	\$ 90,302	3,766
2022		-	-		-	-
2023		-	-		-	-
Total		<u>\$ 51,266</u>	<u>1,994</u>		<u>\$ 90,302</u>	<u>3,766</u>

Year Ending June 30,	April 16, 2020 Lease			Total	
	Interest Rate	Principal	Interest	Principal	Interest
2021	1.25%	\$ 78,784	654	\$ 220,352	6,414
2022	1.25	77,477	1,953	77,477	1,953
2023	1.25	78,447	983	78,447	983
Total		<u>\$ 234,708</u>	<u>3,590</u>	<u>\$ 376,276</u>	<u>9,350</u>

During the year ended June 30, 2020, the District paid principal of \$51,721 on the April 28, 2017 equipment lease, \$49,347 on the April 8, 2018 equipment lease and \$86,687 on the April 15, 2019 equipment lease. The District paid total interest of \$12,740 on the leases.

(5) Pension Plan

Pension Plan Total Information	Supplemental		
	IPERS	Pension	Total
Net pension liability	\$ 5,148,860	378,058	5,526,918
Deferred outflows of resources related to pensions	1,422,638	16,322	1,438,960
Deferred inflows of resources related to pensions	802,302	-	802,302
Pension expense	1,002,607	49,258	1,051,865

Iowa Public Employees Retirement System

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 PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

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

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

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

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

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District’s contributions to IPERS for the year ended June 30, 2020 totaled \$612,152.

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 \$5,148,860 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 0.088917%, which was an increase of 0.003958% over its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,002,607. 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	\$ 14,274	185,126
Changes of assumptions	551,517	-
Net difference between projected and actual earnings on IPERS’ investments	-	580,215
Changes in proportion and differences between District contributions and the District’s proportionate share of contributions	244,695	36,961
District contributions subsequent to the measurement date	612,152	-
Total	<u>\$ 1,422,638</u>	<u>802,302</u>

\$612,152 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 Ending June 30,	Amount
2021	\$ 158,680
2022	(60,362)
2023	(40,252)
2024	(56,778)
2025	6,896
Total	<u>\$ 8,184</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% 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	\$ 9,142,713	5,148,860	1,798,860

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 – All legally required District contributions and legally required employee contributions which had been withheld from employee wages were remitted by the District to IPERS by June 30, 2020.

Supplemental Pension Plan

Plan Description – The District administers a single-employer benefit plan which offers a supplemental pension (early retirement incentive) for all eligible employees who attain age 58 with 10 or more years of service, submit an application to the Superintendent, receive Board approval and retire by June 30 of the same year. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

Supplemental Pension Benefits – The supplemental pension benefit is defined as:

- 25% of retiree’s salary in the fiscal year before retirement for Classified and Administrative Staff.
- Lump sum of \$15,000 for Certified Staff.

Retired participants must be age 58 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Active employees	150
------------------	-----

Funding Policy – Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits. The District makes the contributions from the Special Revenue, Management Levy Fund.

Total Pension Liability – The District’s total supplemental pension liability of \$378,058 was measured as of June 30, 2020 and was determined by an actuarial valuation as that date.

Pension Expense and Deferred outflows of Resources Related to the Supplemental Pension – For the year ended June 30, 2020, the District recognized pension expense of \$49,258. At June 30, 2020, the District reported deferred outflows of resources related to the supplemental pension from the following resources.

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 16,322

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

Year ending June 30,	Amount
2020	\$ 1,592
2021	1,592
2022	1,592
2023	1,592
2024	1,592
Thereafter	8,362
	<u>\$ 16,322</u>

There were no non-employer contributing entries to the supplemental pension plan.

Actuarial Assumptions – The total supplemental pension liability in the July 1, 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 salary (effective June 30, 2020)	3.25% per annum.
Discount rate (effective June 30, 2020)	2.45% compounded annually, net of investment expense, including inflation.

Discount Rate – The discount rate used to measure the total pension liability was 2.45% which reflects the index rate for 20-year tax-exempt municipal bonds (Fidelity 20-YEAR Municipal GO AA Index).

Mortality rates are from the RP-2014 mortality table with projected mortality improvements based on scale MP-2017 and other adjustments.

Changes in the Total Supplemental Pension Liability

	<u>Total OPEB Liability</u>
Total supplemental pension liability beginning of year, as restated	\$ 364,478
Changes for the year:	
Service cost	34,608
Interest on the total pension liability	13,058
Change in assumption	17,914
Benefit payments	<u>(52,000)</u>
Net changes	<u>13,580</u>
Total supplemental pension liability end of year	<u>\$ 378,058</u>

Sensitivity of the total supplemental pension liability to changes in the discount rate – The following presents the total pension liability of the District, as well as what the District’s total supplemental pension liability would be if it were calculated using a discount rate that is 1% lower (1.45%) or 1% higher (3.45%) than the current discount rate.

	<u>1% Decrease (1.45%)</u>	<u>Discount Rate (2.45%)</u>	<u>1% Increase (3.45%)</u>
Total supplemental pension liability	\$ 395,523	378,058	360,985

(6) 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 District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	<u>150</u>
Total	<u>159</u>

Total OPEB Liability – The District’s total OPEB liability of \$816,719 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	
(effective June 30, 2020)	2.50% per annum.
Rates of salary increase	3.25% per annum,
(effective June 30, 2020)	including inflation.
Discount rate	2.45% compounded annually,
(effective June 30, 2020)	including inflation.
Healthcare cost trend rate	6.40% initial rate decreasing by gradually
(effective June 30, 2020)	to an ultimate rate of 4.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.50% 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 table with projected mortality improvements based on scale MP-2017 and other adjustments.

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	<u>\$ 988,332</u>
Changes for the year:	
Service cost	79,765
Interest	36,408
Differences between expected and actual experiences	(288,955)
Changes in assumptions	56,898
Benefit payments	<u>(55,729)</u>
Net changes	<u>(171,613)</u>
Total OPEB liability end of year	<u>\$ 816,719</u>

Changes of assumptions reflect a change in the discount rate from 3.50% in fiscal year 2019 to 2.45% in fiscal year 2020.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.45%) or 1% higher (3.45%) than the current discount rate.

	1% Decrease (1.45%)	Discount Rate (2.45%)	1% Increase (3.45%)
Total OPEB liability	\$ 875,849	816,719	760,926

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.4%) or 1% higher (7.4%) than the current healthcare cost trend rates.

	1% Decrease (5.40%)	Healthcare Cost Trend Rate (6.40%)	1% Increase (7.40%)
Total OPEB liability	\$ 719,739	816,739	933,178

OPEB Expense and 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 \$91,990. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	257,885
Changes in assumptions	72,998	14,059
Total	<u>\$ 72,998</u>	<u>271,944</u>

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

Year ending June 30,	Amount
2021	\$ (24,183)
2022	(24,183)
2023	(24,183)
2024	(24,183)
2025	(24,183)
Thereafter	<u>(78,031)</u>
	<u>\$ (198,946)</u>

(8) 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.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$441,004 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.

(10) Employee Health Insurance Plan

The District partially self-funds the District's health insurance benefit plan. The plan is funded by both employee and District contributions and is administered through a service agreement with Advantage Administrators. All claims handling procedures are performed by an independent claims administrator. Settled claims did not exceed the plan coverage during the year.

The cash balance held by Advantage Administrators reported in the General Fund was \$7,223 at June 30, 2020.

(11) Tax Abatements

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

Tax Abatements of Other Entities

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa.

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Clarinda	Urban renewal and economic development projects	\$ 14,100

(13) Construction Commitment

The District entered into contracts totaling \$649,343 for various facilities and property upgrades. As of June 30, 2020, costs of \$227,088 had been incurred against the contract. The balance of \$422,255 remaining at June 30, 2020 will be paid as work on the projects progress.

(14) Categorical Funding

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

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

<u>Program</u>	<u>Amount</u>
Gifted and talented program	\$ 39,387
Home school assistance	7,142
Non-public textbook	1,664
Teacher leadership supplement	105,023
Teacher development academics	4,030
Successful progression for early readers	53,198
Professional development	<u>26,455</u>
Total	<u>\$ 236,899</u>

(15) Subsequent Events

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 Clarinda Community School District, remains uncertain.

To date, the outbreak created a material disruption to the operations of the Clarinda Community School District. 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 Clarinda Community School District operations and finances.

(16) Accounting Change/Restatement

Beginning net position for governmental activities, Nonmajor special revenue, scholarship trust funds and the internal service fund were restated to properly report the beginning fund balances.

The beginning balances for the nonmajor special revenue and scholarship trust funds were restated to reflect changes due to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, which was implemented during fiscal year 2020. The new requirements changed the definition of fiduciary activity and established new financial reporting requirements for state and local governments which report fiduciary activity.

The supplemental pension plan for employees retiring early was restated to reflect changes due to Governmental Accounting Board Statement 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of 68 Statements 67 and 68, which had not been not previously reported.

The Internal Service Fund for the District’s flex benefit plan was included in the financial statements in 2020, as it had not been previously reported. Beginning net position was restated to retroactively report the changes in net position as follow:

	Governmental Funds	Internal Service Fund	Scholarship Trust Fund	Nonmajor Special Revenue
Net position June 30, 2019, as previously reported	\$ 8,582,901	-	2,106	532,751
Early retirement liability reported at June 30, 2019	316,955	-	-	-
GASBS No. 73 Supplemental Pension obligation not previously reported	(364,478)	-	-	-
Internal Service Fund not previously reported	88,096	88,096	-	-
Change to implement GASBS No. 84	2,106	-	(2,106)	2,106
Net position July 1, 2019, as restated	<u>\$ 8,625,580</u>	<u>88,096</u>	<u>-</u>	<u>534,857</u>

Clarinda Community School District

Required Supplementary Information

Clarinda Community School District

Budgetary Comparison Schedule of
Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual – All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2020

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual
Revenues:			
Local sources	\$ 5,828,582	210,623	6,039,205
State sources	7,671,035	5,291	7,676,326
Federal sources	564,914	423,140	988,054
Total revenues	14,064,531	639,054	14,703,585
Expenditures/Expenses:			
Instruction	8,552,440	-	8,552,440
Support services	4,777,369	-	4,777,369
Non-instructional programs	-	628,027	628,027
Other expenditures	1,332,230	-	1,332,230
Total expenditures/expenses	14,662,039	628,027	15,290,066
Excess (deficiency) of revenues over (under) expenditures/expenses	(597,508)	11,027	(586,481)
Other financing sources, net	234,708	-	234,708
Change in fund balance	(362,800)	11,027	(351,773)
Balances beginning of year, as restated	5,772,527	14,820	5,787,347
Balances end of year	\$ 5,409,727	25,847	5,435,574

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Actual
		Variance
5,943,197	5,943,197	96,008
7,526,926	7,526,926	149,400
955,000	955,000	33,054
14,425,123	14,425,123	278,462
7,815,770	8,105,660	(446,780)
4,599,510	4,599,510	(177,859)
650,000	650,000	21,973
974,124	1,250,000	(82,230)
14,039,404	14,605,170	(684,896)
385,719	(180,047)	(406,434)
-	-	234,708
385,719	(180,047)	(171,726)
6,107,888	6,493,607	(706,260)
6,493,607	6,313,560	(877,986)

Clarinda Community School District

Clarinda Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2020

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted two budget amendments, increasing budgeted expenditures by \$565,766.

During the year ended June 30, 2020, expenditures in the instruction, support services and other expenditure functions exceeded the amounts budgeted.

Clarinda Community School District

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

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

Required Supplementary Information

	2020	2019	2018	2017
District's proportion of the net pension liability	0.088917%	0.084959%	0.085080%	0.081298%
District's proportionate share of the net pension liability	\$ 5,149	5,375	5,617	5,070
District's covered payroll	\$ 6,042	6,417	6,294	5,781
District's proportionate share of the net pension liability as a percentage of its covered payroll	85.22%	83.76%	89.24%	87.70%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%

* 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.

2016	2015
0.084261%	0.085287%
4,163	3,382
5,773	5,581
72.11%	60.60%
85.19%	87.61%

Clarinda Community School District

Schedule of District Contributions

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

Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 612	570	573	562
Contributions in relation to the statutorily required contribution	<u>(612)</u>	<u>(570)</u>	<u>(573)</u>	<u>(562)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ 6,485	6,042	6,417	6,294
Contributions as a percentage of covered payroll	9.44%	9.43%	8.93%	8.93%

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
516	515	498	456	405	350
(516)	(515)	(498)	(456)	(405)	(350)
-	-	-	-	-	-
5,781	5,773	5,581	5,258	5,024	5,040
8.93%	8.92%	8.92%	8.67%	8.06%	6.94%

Clarinda Community School District

Notes to Required Supplementary Information – IPERS Pension Liability

Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

Clarinda Community School District
 Schedule of Changes in the District's
 Total Supplemental Pension Liability, Related Ratios and Notes
 For the Current Year
 Required Supplementary Information

	2020
Service cost	\$ 34,608
Interest on the total pension liability	13,058
Change in assumptions	17,914
Benefit payments	(52,000)
Net change in total supplemental pension liability	13,580
Total supplemental pension liability beginning of year, as restated	364,478
Total supplemental pension liability end of year	\$ 378,058
Covered employee payroll	\$ 6,484,662
Total supplemental pension liability as a percentage of covered employee payroll	5.8%

See accompanying independent auditor's report.

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

Changes of benefit terms:

There were no significant changes in benefit terms.

Changes of assumptions:

Changes of 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	2.45%
Year ended June 30, 2019	3.50%

Clarinda Community School District

Clarinda 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	\$ 79,765	77,068	74,197
Interest cost	36,408	36,948	35,753
Difference between expected and actual experiences	(288,955)	-	-
Changes in assumptions	56,898	27,772	(20,084)
Benefit payments	(55,729)	(62,254)	(61,718)
Net change in total OPEB liability	(171,613)	79,534	28,148
Total OPEB liability beginning of year	988,332	908,798	880,650
Total OPEB liability end of year	\$ 816,719	988,332	908,798
Covered-employee payroll	\$ 4,159,613	3,526,000	3,406,721
Total OPEB liability as a percentage of covered-employee payroll	19.63%	28.03%	26.68%

See accompanying independent auditor's report.

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	2.45%
Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.58%

Clarinda Community School District

Supplementary Information

Schedule 1

Clarinda Community School District

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

	Special Revenue			Total
	Student Activity	Management Levy	New Market Scholarship Fund	
Assets				
Cash, cash equivalents and pooled investments	\$ 125,013	270,525	1,606	397,144
Receivables:				
Property tax:				
Delinquent	-	804	-	804
Succeeding year	-	270,000	-	270,000
Accounts	12	-	-	12
Total assets	\$ 125,025	541,329	1,606	667,960
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 8,974	5,600	-	14,574
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	270,000	-	270,000
Fund balances:				
Restricted for:				
Management levy purposes	-	265,729	-	265,729
Student activities	116,051	-	-	116,051
Scholarships	-	-	1,606	1,606
Total fund balances	116,051	265,729	1,606	383,386
Total liabilities, deferred inflows of resources and fund balances	\$ 125,025	541,329	1,606	667,960

See accompanying independent auditor's report.

Clarinda Community School District
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2020

	Special Revenue				Total
	Student Activity	Management Levy	Patron Scholarship Fund	New Market Scholarship Fund	
Revenues:					
Local sources:					
Local tax	\$ -	72,103	-	-	72,103
Other	208,599	351	2,530	-	211,480
State sources	-	1,140	-	-	1,140
Total revenues	208,599	73,594	2,530	-	284,723
Expenditures:					
Current:					
Instruction:					
Regular	-	37,230	-	-	37,230
Other	233,885	-	-	-	233,885
Support services:					
Administration	-	-	3,030	-	3,030
Operation and maintenance of plant	-	162,049	-	-	162,049
Total expenditures	233,885	199,279	3,030	-	436,194
Deficiency of revenues under expenditures	(25,286)	(125,685)	(500)	-	(151,471)
Change in fund balances	(25,286)	(125,685)	(500)	-	(151,471)
Fund balances beginning of year, as restated	141,337	391,414	500	1,606	534,857
Fund balances end of year	\$ 116,051	265,729	-	1,606	383,386

See accompanying independent auditor's report.

Clarinda Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2020

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- Fund Transfers	Balance End of Year
District - Wide Accounts:					
Student Activity Interest	\$ 262	236	-	(26)	472
Athletic Boosters	-	-	80	80	-
Gate Receipts	50,389	46,732	3,966	(73,134)	20,021
Cross Country Club	579	-	-	-	579
Softball Club	567	24,636	24,300	-	903
Tennis Club	40	-	-	-	40
Basketball Club	264	-	120	-	144
History Club	156	4,001	-	-	4,157
Football Club	1,046	-	456	-	590
Volleyball Club	3,439	-	2,232	-	1,207
Wrestling Club	-	-	80	80	-
Subtotal	56,742	75,605	31,234	(73,000)	28,113
Elementary Schools Organizations:					
Elementary Student Council	7,858	847	1,508	(36)	7,161
Subtotal	7,858	847	1,508	(36)	7,161
Middle School Athletics:					
Track	(2,301)	-	-	3,701	1,400
Boys Basketball	343	-	1,717	1,374	-
Football	(3,516)	-	520	22,804	18,768
Wrestling	335	-	594	665	406
Girls Basketball	125	-	810	1,375	690
Volleyball	1,179	-	620	321	880
Subtotal	(3,835)	-	4,261	30,240	22,144
Middle School Clubs and Organizations:					
Middle School Yearbook	1,361	380	-	-	1,741
Middle School Student Council	3,000	2,012	2,655	(12)	2,345
Subtotal	4,361	2,392	2,655	(12)	4,086
High School Athletics:					
Cross Country	(835)	-	1,705	2,540	-
Golf	458	-	-	1,042	1,500
Boys Basketball	2,512	-	3,447	2,488	1,553
Football	(5,211)	17,745	30,795	18,261	-
Baseball	303	-	5,145	4,842	-
Boys Track	1,983	-	208	2,017	3,792
Boys Tennis	820	-	180	180	820
Wrestling	429	-	1,456	3,071	2,044
Girls Basketball	1,481	-	3,438	3,519	1,562
Volleyball	911	-	3,332	3,589	1,168
Softball	(3,815)	-	5,086	8,901	-
Girls Track	913	-	270	3,087	3,730
Girls Tennis	(669)	-	240	1,669	760
Bowling	1,470	-	-	30	1,500
Athletic Director	33,989	6,696	40,070	(615)	-
Subtotal	34,739	24,441	95,372	54,621	18,429
High School Clubs and Organizations:					
High School Drama	(1,651)	-	5,250	6,901	-
High School Yearbook	4,221	4,920	9,842	756	55
High School Concessions	5,127	471	875	(24)	4,699
High School Cheerleaders	2,387	-	526	(10)	1,851
High School Honor Society	686	100	461	314	639
High School Student Council	7,055	7,027	11,650	(12)	2,420
High School Thespian Club	(923)	4,505	4,495	923	10
High School Weight-lifting Club	1,090	-	1,059	-	31
High School FFA Club	15,154	48,563	43,876	(101)	19,740
High School FCCLA Club	1,710	11,153	9,265	(18)	3,580
High School Sports Fundraising	5,195	4,453	-	(9,648)	-
High School Show Choir	-	400	-	-	400
High School BPA	-	3,897	3,922	25	-
Class of 2019	364	-	166	(198)	-
Class of 2020	(23)	8,578	7,133	23	1,445
Class of 2021	(98)	1,337	89	98	1,248
Class of 2022	(77)	-	67	144	-
Class of 2023	-	-	99	99	-
Activity Tickets	1,255	9,910	80	(11,085)	-
Subtotal	41,472	105,314	98,855	(11,813)	36,118
Total	\$ 141,337	208,599	233,885	-	116,051

See accompanying independent auditor's report.

Clarinda 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	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 2,574,847	435,406	3,010,253
Receivables:			
Property tax:			
Delinquent	-	1,156	1,156
Succeeding year	-	97,000	97,000
Due from other governments	86,475	-	86,475
Total assets	\$ 2,661,322	533,562	3,194,884
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 13,314	-	13,314
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	97,000	97,000
Fund balances:			
Restricted for:			
School infrastructure	2,648,008	-	2,648,008
Physical plant and equipment	-	436,562	436,562
Total fund balances	2,648,008	436,562	3,084,570
Total liabilities, deferred inflows of resources and fund balances	\$ 2,661,322	533,562	3,194,884

See accompanying independent auditor's report.

Clarinda Community School District

Clarinda 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	
Revenues:			
Local sources:			
Local tax	\$ -	105,412	105,412
Other	44,312	8,390	52,702
State sources	1,026,287	1,639	1,027,926
Total revenues	1,070,599	115,441	1,186,040
Expenditures:			
Student services:			
Instructional staff	83,491	236,737	320,228
Administration	342,426	31,143	373,569
Operation and maintenance of plant	14,352	1,954	16,306
Transportation	-	140,547	140,547
Total expenditures	440,269	410,381	850,650
Other expenditures:			
Facilities acquisition	872,568	18,658	891,226
Total expenditures	1,312,837	429,039	1,741,876
Deficiency of revenues under expenditures	(242,238)	(313,598)	(555,836)
Other financing sources:			
Proceeds from lease purchase agreement	-	234,708	234,708
Change in fund balances	(242,238)	(78,890)	(321,128)
Fund balances beginning of year	2,890,246	515,452	3,405,698
Fund balances end of year	\$ 2,648,008	436,562	3,084,570

See accompanying independent auditor's report.

Clarinda Community School District

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

For the Last Ten Years

	2020	2019	2018	2017
Revenues:				
Local sources:				
Local tax	\$ 3,836,190	3,694,670	3,583,060	3,150,944
Tuition	1,463,738	1,197,893	971,074	1,302,346
Other	528,654	492,118	528,445	385,933
State sources	7,671,035	7,254,029	6,858,352	6,967,509
Federal sources	564,914	613,907	620,921	598,657
Total	\$ 14,064,531	13,252,617	12,561,852	12,405,389
Expenditures:				
Instruction:				
Regular	\$ 4,923,418	5,016,975	4,721,111	4,307,890
Special	1,997,048	1,965,792	1,841,980	1,417,714
Other	1,631,974	909,605	883,224	1,454,838
Support services:				
Student	444,245	406,449	357,775	355,012
Instructional staff	1,073,225	929,217	882,765	782,843
Administration	1,768,777	1,649,741	1,514,516	1,424,423
Operation and maintenance of plant	1,034,363	1,337,404	1,086,120	990,161
Transportation	456,759	444,865	477,188	384,575
Other expenditures:				
Facilities acquisition	891,226	-	-	-
Long-term debt:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
AEA flowthrough	441,004	423,373	411,799	404,367
Total	\$ 14,662,039	13,083,421	12,176,478	11,521,823

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
3,081,738	3,072,848	2,986,502	3,987,808	4,137,605	4,108,196
1,208,026	1,477,587	1,411,933	1,402,166	1,285,740	1,404,024
405,486	427,181	424,977	388,146	425,597	510,889
6,086,449	6,182,794	5,965,212	4,877,442	4,942,650	4,764,530
617,416	555,975	517,242	578,979	818,511	1,025,727
11,399,115	11,716,385	11,305,866	11,234,541	11,610,103	11,813,366
4,049,513	4,099,239	4,082,482	3,975,384	3,724,895	3,715,630
1,286,302	1,599,307	1,516,699	1,526,551	1,442,598	1,678,080
1,487,974	1,420,009	1,401,291	1,304,781	1,492,437	1,461,935
373,167	355,893	349,173	320,136	270,262	284,913
549,346	564,895	513,023	596,422	568,710	551,934
1,208,244	1,255,983	1,200,905	1,123,457	1,088,960	1,099,585
1,060,906	1,077,818	1,038,648	1,019,445	1,108,064	927,912
368,413	297,658	289,587	541,910	383,901	286,095
-	-	-	-	-	-
-	-	-	-	-	240,000
-	-	-	-	-	5,960
381,831	382,992	367,327	349,318	346,777	388,675
10,765,696	11,053,794	10,759,135	10,757,404	10,426,604	10,640,719

Clarinda Community School District

Clarinda Community School District
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2020

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553		\$ 40,446
National School Lunch Program	10.555		233,422 *
COVID-19 - National School Lunch Program	10.555		141,058
			<u>374,480</u>
Summer Food Service Program for Children	10.559		8,214
			<u>423,140</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010		367,805
Special Education - State Personnel Development	84.323		5,582
Supporting Effective Instruction State Grants	84.367		31,514
Student Support and Academic Enrichment Program	84.424		9,166
COVID-19 - Education Stabilization Fund	84.425		1,022
Green Hills Areas Education Agency:			
Special Education Cluster:			
Special Education Grants to States	84.027		49,875
Career and Technical Education - Basic Grants to States	84.048		10,671
West Central Community Action			
Head Start	93.600		31,500
Total			<u>\$ 930,275</u>

* - Includes \$46,357 of non-cash awards.

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Clarinda Community School District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Clarinda Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Clarinda Community School District.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – Clarinda Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

To the Board of Education of Clarinda 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 Clarinda 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 11, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clarinda Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clarinda Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Clarinda 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 and Questioned Costs, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-E-20 to be significant deficiency.

Compliance and Other Matters

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

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

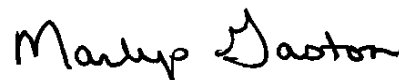
Clarinda Community School District's Responses to the Findings

Clarinda Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Clarinda 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 Clarinda 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.



Marlys K. Gaston, CPA
Deputy Auditor of State

March 11, 2021



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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Board of Education of Clarinda Community School District:

Report on Compliance for Each Major Federal Program

We have audited Clarinda Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2020. Clarinda Community School District's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Clarinda Community School District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Clarinda Community School District's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Clarinda Community School District's compliance.

Opinion on the Major Federal Program

In our opinion, Clarinda Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

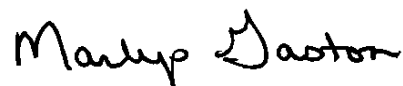
Report on Internal Control Over Compliance

The management of Clarinda Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Clarinda Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Clarinda Community School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Marlys K. Gaston, CPA
Deputy Auditor of State

March 11, 2021

Clarinda Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A significant deficiency and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weakness in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was the Child Nutrition Cluster program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Clarinda Community School District did not qualify as a low-risk auditee.

Clarinda Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-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 – During the audit, we identified the following incompatible duties:

- (1) Cash – handling, recording and reconciling.
- (2) Revenues – opening mail, collecting, recording, depositing and reconciling receipts.
- (3) Expenditures – purchasing, preparing disbursements, recording and reconciling.
- (4) Accounting system – performing general accounting functions, including journal entries and controlling all data input and output.

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

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

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials, to provide additional control through independent reviews of financial transactions, reconciliations and reports. Reconciliation reviews should include independent verification of bank balances and reconciling items. The independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

Clarinda Community School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Response – We will continue to review procedures to obtain the best control possible. As a resource we will use the source “Segregation of Financial Duties in The Smaller Public School to Improve Financial Internal Controls”, a tool developed by the Iowa Association of School Business Officials (IASBO).

We have also gained some procedural manuals from other Districts we plan to review and create a business office procedure manual of our own. This will list proper procedures for cash, revenues, expenditures, requisitions, reconciliations, etc.

Conclusion – Response accepted.

II-B-20 Financial Reporting

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the District’s financial statements.

Condition – Amounts held in the Internal Service, Flex Spending Fund and the District’s supplemental pension obligation were not properly recorded in the District’s financial statements. In addition, material amounts of receivables and capital asset additions were not recorded in the District’s financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Cause – District policies do not require, and procedures have not been established to require independent review of year end cut-off, capital asset and other transactions to ensure the District’s financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in District employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the District’s financial statements were necessary.

Recommendation – The District should implement procedures to ensure accurate financial reporting.

Response – There were major changes in the school business official positions during the 2019-2020 school year. A new School Business Official (SBO) was hired in March. The District also hired a retired School Business Official to assist in getting financial records up to date. In late May the District received documentation from the former auditing firm that audited the books at the end of the 2018-19 school year showing journal entries that needed to be completed for the 2018-19 school year. Since those books were closed and the CAR had been submitted the District reached out to the Iowa Department of Education for assistance. Journal entries were compiled. When the decision to hire the Office of the State Auditor to audit the 2019-2020 school year these entries were sent to the State Auditor staff to get their guidance on completing the entries. These entries were made. The State Auditor staff assisted the District on getting capital assets and long-term debt recorded on the books. The office personnel reached out to the Department of Education for assistance to get these entries to upload

Clarinda Community School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

successfully into the 2019-2020 /certified annual report. It is the goal of the business office to keep these entries current. New procedures have been implemented in the business office. The School Business Official approves and codes invoices. The invoices are then sent to the Accounts Payable Clerk. The Assistant School Business Official then examines the list of bills for payment checking the accounting codes for accuracy. The financial committee also examines and signs the document showing all bills that are being paid. The School Business Official also codes revenue coming into the District and this is recorded into the software accounting program by the Accounts Receivable Clerk on a timely basis. Having three people involved in this process will ensure all activity, receivables, expenditures and capital asset additions are identified and recorded.

Conclusion – Response accepted.

II-C-20 Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling bank accounts and book balances. An independent review of bank reconciliations can help ensure the accuracy of recorded amounts.

Condition – Monthly bank statements are reconciled to the District’s financial records individually. The District does not prepare a comprehensive bank reconciliation including all seven of the District’s bank accounts. In addition, the reconciliations were not always prepared and reviewed by an independent individual in a timely manner.

Cause – Although monthly bank reconciliations were prepared for individual accounts, the reconciliations were not compiled to show a complete reconciliation of all accounts with the general ledger. Also, the bank reconciliations were not always prepared timely and there was no evidence of an independent review.

Effect – Lack of a comprehensive reconciliation of all bank and investment accounts to the general ledger and lack of an independent review of bank reconciliations can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – The District should establish procedures to ensure a comprehensive reconciliation of all bank accounts to the general ledger is prepared timely and provided to the Board monthly. An independent person should review the bank reconciliations and document their review should be documented by signing or initialing and dating the monthly reconciliations. The independent review should include verification of the bank balances and reconciling items. Additionally, the District should consider closing bank accounts and consolidating all bank accounts into one to reduce the chance of errors and ease the bank reconciliation process.

Clarinda Community School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Response – Following the hiring of a new School Business Official and an assistant to assist him, bank reconciliations are being done in a timely manner at the beginning of each month. These reconciliations are balanced with the bank each month. After much research and assistance from the State Auditor staff, the books are now balanced with the bank. This process will be done in a timely manner at the beginning of each month to be sure all accounts are balanced with the bank. The School Business Official will balance the accounts and the Assistant School Business Official will review the reconciliations. A reconciliation report for each banking account will be given to the Board of Education each month for their review. The Assistant School Business Official will review all reconciliations. We will also have the Assistant School Business Official or Accounts Payable Clerk review and initial the reconciliation reports after the School Business Official has completed them.

Conclusion – Response accepted.

II-D-20 Journal Entries

Criteria – An effective internal control system provides for internal controls related to the preparation and independent review of journal entries. Independent review of journal entries helps prevent losses from employee error or dishonesty and maximizes the accuracy of the District's financial statements.

Condition – There is no evidence journal entries are reviewed and approved by an independent person.

Cause – District policies do not require, and procedures have not been designed to document approval and independent review of journal entries.

Effect – The lack of independent review and approval may adversely affect the District's ability to prevent or detect and correct misstatements or errors on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – To strengthen controls, journal entries should be reviewed and approved by an independent person.

Response – Since the District has two School Business Officials at this time all journal entries are reviewed by both people. Moving forward we will train other office staff on journal entries to help review them moving forward. We feel this will help with our reconciliation process as well.

Conclusion – Response accepted.

Clarinda Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

II-E-20 Prenumbered Receipts

Criteria – An effective internal control system provides for internal controls related to receiving payments for activities, fund raisers and donations. One such internal control is issuing and reconciling prenumbered receipts to the accounting records.

Condition – The District does not require activity sponsors to issue prenumbered receipts for all collections.

Cause – District policies do not require, and procedures have not been established to require prenumbered receipts for all collections.

Effect – Lack of policies and procedures to issue prenumbered receipts could result in errors and the opportunity for misappropriating.

Recommendation – The District should issue prenumbered receipts for all transactions, including activity fund collections. Additionally, the receipt books should be reviewed for numerical order and reconciled to subsequent deposits.

Response – Conversation has taken place on prenumbered receipts for some time now. With the help of the Assistant School Business Official we will begin implementing the use of prenumbered receipts.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Clarinda Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

No material weaknesses in internal control over the major program were noted.

Clarinda Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-20 Certified Budget – Expenditures for the year ended June 30, 2020 exceeded the amended certified budget amounts in the instruction, student services and other expenditures functions.
- Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.
- Response – Discussion of school finances, future expenditures and revenues will be discussed with a plan developed so the School Business Official can estimate expenditures for the year. This will allow for steps to be taken in a timely manner if the budget needs to be adjusted. The budget will be adjusted if it is needed. We feel with consistent personnel in the business office this will not be an issue moving forward. The business office saw a lot of turnover in the year 2019-2020 that led to some of these expenditure issues.
- Conclusion – Response accepted.
- IV-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.
- IV-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.
- IV-D-20 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-20 Restricted Donor Activity – No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- IV-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.
- IV-G-20 Board Minutes – No transactions requiring board approval which had not been approved by the board were noted.
- IV-H-20 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-I-20 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

Clarinda Community School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

- IV-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 investment policy were noted.
- IV-K-20 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-L-20 Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- IV-M-20 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance		\$ 2,890,246
Revenues:		
Sales tax revenues	\$ 1,026,287	
Other local revenues	<u>44,312</u>	<u>1,070,599</u>
		3,960,845
Expenditures:		
School infrastructure construction	258,660	
Facilities acquisition	613,908	
Equipment	<u>440,269</u>	<u>1,312,837</u>
Ending balance		<u>\$ 2,648,008</u>

For the year ended June 30, 2020, the District reduced the following levy as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Physical plant and equipment levy (PEEL)	\$ 3.26223	<u>\$ 1,026,287</u>

Clarinda Community School District

Staff

This audit was performed by:

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Pamela J. Bormann, CPA, Manager
Karen J. Kibbe, Senior Auditor II
April R. Davenport, Staff Auditor
Ashley A. Kraber, Assistant Auditor
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Thomas G. Engquist, Auditor Intern