

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

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Shenandoah Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before November 2019 Election)		
Jean Fichter	President	2021
Greg Ritchey	Vice President	2019
Kip Anderson	Board Member (Resigned September 2019)	2019
Dr. Timothy Smith	Board Member (Appointed October 2019)	2019
Adam Van Der Vliet	Board Member	2021
Kathy Langley	Board Member	2021
Board of Education (After November 2019 Election)		
Jean Fichter	President	2021
Adam Van Der Vliet	Vice President	2021
Darrin Bouray	Board Member	2023
Jeff Hiser	Board Member	2023
Kathy Langley	Board Member	2021
School Officials		
Dr. Kerri Nelson	Superintendent	2020
Lisa Holmes	Board Secretary/Treasurer	2020
Sherrri Ruzek	School Business Official	2020
Ahlers & Cooney, P.C.	Attorney	2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of Shenandoah 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 Shenandoah Community School District, Shenandoah, 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 propose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of account 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 Shenandoah Community School District as of June 30, 2020, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 15 and 46 through 51 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 Shenandoah Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed an unmodified opinion on those financial statements. The supplementary information included in Schedules 1 through 9, 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, including the Schedule of Expenditures of Federal Awards, 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, including the Schedule of Expenditures of Federal Awards, 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 30, 2021 on our consideration of Shenandoah 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 Shenandoah Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 30, 2021
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Shenandoah Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$12,591,487 in fiscal year 2019 to \$12,606,742 in fiscal year 2020, while General Fund expenditures decreased from \$12,580,361 in fiscal year 2019 to \$12,481,599 in fiscal year 2020. The District's General Fund balance increased from \$2,729,755 at June 30, 2019 to \$2,854,898 at June 30, 2020.
- The increase in General Fund revenues was attributable to an increase in local tax revenues. The decrease in expenditures was mainly due to a decrease in regular instruction cost incurred.
- The District's solvency ratio (unassigned fund balance/general fund revenues less AEA flowthrough) increased from 19.34% at June 30, 2019 to 19.50% at June 30, 2020.
- The District's total net position increased from \$10,500,309 at June 30, 2019 to \$11,108,592 at June 30, 2020. Total revenues decreased from \$16,730,319 in fiscal year 2019 to \$16,218,159 in fiscal year 2020, a 3.06% decrease, while total expenses decreased from \$15,947,548 in fiscal year 2019 to \$15,609,876 in fiscal year 2020, a 2.12% decrease compared to the prior year. The decrease in total revenues was due in part to a decrease in revenues from income surtax compared to the prior year while the decrease in total expenses occurred primarily in the instruction function.

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

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

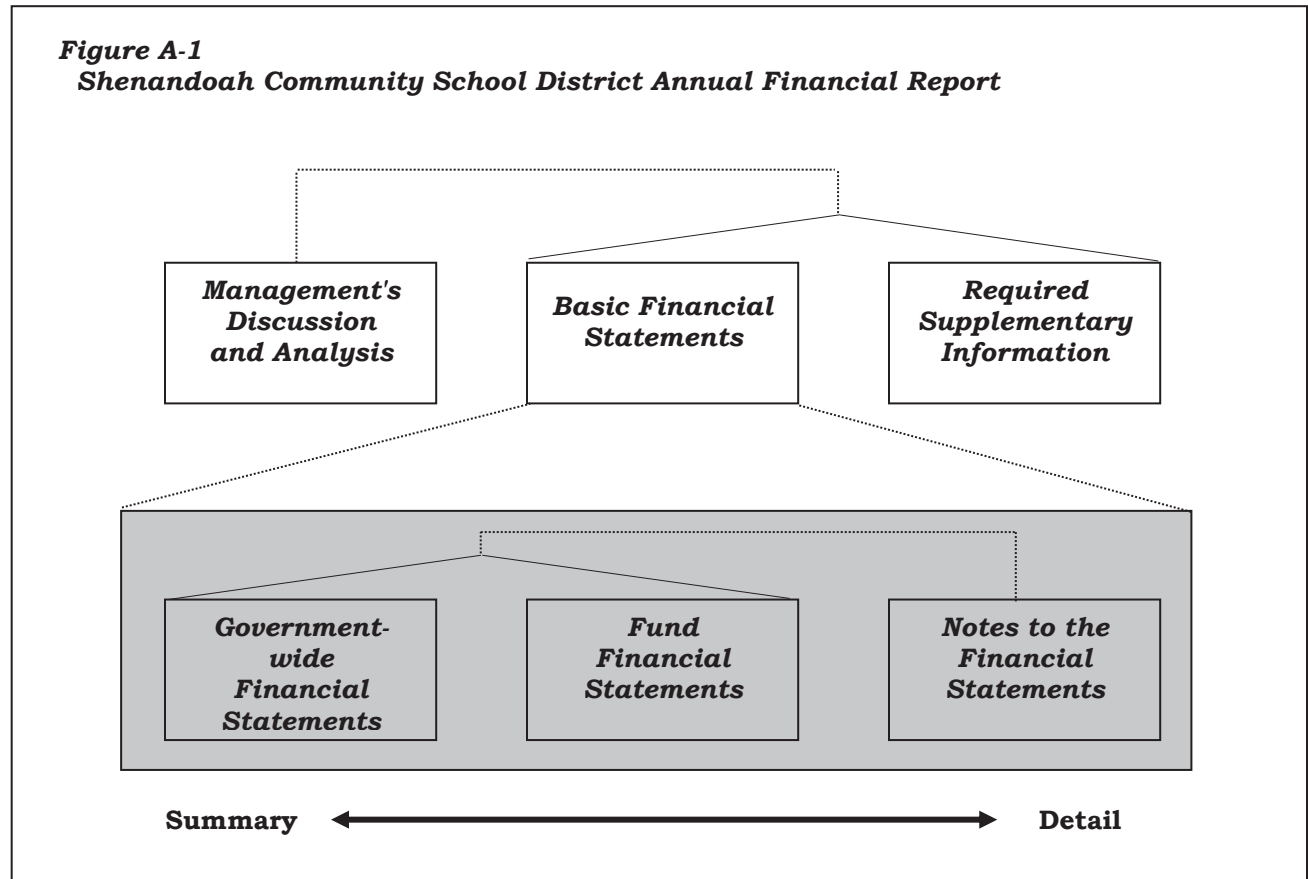


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-Wide and Fund Financial Statements

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private Purpose Trust Fund and the Agency Fund.

- Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund - These are funds through which the District administers and accounts for certain employee groups as a fiscal agent.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-20
Current and other assets	\$ 16,692,265	13,834,821	85,755	74,239	16,778,020	13,909,060	20.63%
Capital assets	17,021,876	13,614,425	38,863	46,743	17,060,739	13,661,168	24.88%
Total assets	<u>33,714,141</u>	<u>27,449,246</u>	<u>124,618</u>	<u>120,982</u>	<u>33,838,759</u>	<u>27,570,228</u>	<u>22.74%</u>
Deferred outflows of resources	1,822,770	2,217,784	56,607	70,319	1,879,377	2,288,103	-17.86%
Long-term liabilities	15,709,980	11,394,778	207,659	231,810	15,917,639	11,626,588	36.91%
Other liabilities	2,897,177	2,032,688	25,505	18,804	2,922,682	2,051,492	42.47%
Total liabilities	<u>18,607,157</u>	<u>13,427,466</u>	<u>233,164</u>	<u>250,614</u>	<u>18,840,321</u>	<u>13,678,080</u>	<u>37.74%</u>
Deferred inflows of resources	5,739,648	5,668,684	29,575	11,258	5,769,223	5,679,942	1.57%
Net position:							
Net investment in capital assets	10,427,264	9,894,425	38,863	46,743	10,466,127	9,941,168	5.28%
Restricted	3,818,294	3,105,423	-	-	3,818,294	3,105,423	22.96%
Unrestricted	(3,055,452)	(2,428,968)	(120,377)	(117,314)	(3,175,829)	(2,546,282)	-24.72%
Total net position	<u>\$ 11,190,106</u>	<u>10,570,880</u>	<u>(81,514)</u>	<u>(70,571)</u>	<u>11,108,592</u>	<u>10,500,309</u>	<u>5.79%</u>

The District's total net position increased 5.79%, or \$608,283, 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 increased \$712,871, or 22.96%, from the prior year. The increase in restricted net position was primarily a result of increases in the amounts restricted for physical plant and equipment and management levy purposes compared to the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$629,547, or 24.72%. This decrease was due primarily to the increase in pension related deferred inflows of resources and decrease in pension related deferred outflows of resources compared to the prior year.

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

	Figure A-4						
	Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2020	2019	2020	2019	2020	2019	2019-20
Revenues:							
Program revenues:							
Charges for service	\$ 819,465	896,958	168,721	206,876	988,186	1,103,834	-10.48%
Operating grants, contributions and restricted interest	1,276,179	1,285,789	563,846	548,446	1,840,025	1,834,235	0.32%
General revenues:							
Property tax	5,170,185	5,126,486	-	-	5,170,185	5,126,486	0.85%
Income surtax	412,717	649,240	-	-	412,717	649,240	-36.43%
Statewide sales, services and use tax	1,089,755	1,110,084	-	-	1,089,755	1,110,084	-1.83%
Unrestricted state grants	6,570,537	6,708,120	-	-	6,570,537	6,708,120	-2.05%
Unrestricted investment earnings	80,111	76,081	483	537	80,594	76,618	5.19%
Other	56,526	116,840	9,634	4,862	66,160	121,702	-45.64%
Total revenues	15,475,475	15,969,598	742,684	760,721	16,218,159	16,730,319	-3.06%
Program expenses:							
Instruction	8,889,526	9,438,375	-	-	8,889,526	9,438,375	-5.82%
Support services	4,993,193	4,813,875	300	745	4,993,493	4,814,620	3.72%
Non-instructional programs	-	408	709,375	721,893	709,375	722,301	-1.79%
Other expenses	1,017,482	972,252	-	-	1,017,482	972,252	4.65%
Total expenses	14,900,201	15,224,910	709,675	722,638	15,609,876	15,947,548	-2.12%
Excess of revenues over expenses	575,274	744,688	33,009	38,083	608,283	782,771	-22.29%
Transfers	43,952	28,267	(43,952)	(28,267)	-	-	0.00%
Change in net position	619,226	772,955	(10,943)	9,816	608,283	782,771	-22.29%
Net position beginning of year	10,570,880	9,797,925	(70,571)	(80,387)	10,500,309	9,717,538	8.06%
Net position end of year	\$ 11,190,106	10,570,880	(81,514)	(70,571)	11,108,592	10,500,309	5.79%

In fiscal year 2020, property tax and unrestricted state grants accounted for 75.87% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 98.64% of the business type activities revenues.

The District's total revenues were approximately \$16.22 million, of which approximately \$15.48 million was for governmental activities and approximately \$0.74 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.06% decrease in revenues and a 2.12% decrease in expenses. The decrease in total revenues is mainly due to decreased revenues from income surtax, unrestricted state grants and charges for service compared to the prior year. The decrease in total expenses occurred primarily in the instruction function.

Governmental Activities

Governmental activities revenues were \$15,475,475 and expenditures were \$14,900,201 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, non-instructional programs and other expenses, for the year ended June 30, 2020 compared to those expenses for the year ended June 30, 2019.

Figure A-5						
Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2020	2019	Change 2019-20	2020	2019	Change 2019-20
Instruction	\$ 8,889,526	9,438,375	-5.82%	7,341,011	7,736,894	-5.12%
Support services	4,993,193	4,813,875	3.73%	4,915,301	4,803,028	2.34%
Non-instructional programs	-	408	-100.00%	-	408	-100.00%
Other expenses	1,017,482	972,252	4.65%	548,245	501,833	9.25%
Total	<u>\$ 14,900,201</u>	<u>15,224,910</u>	<u>-2.13%</u>	<u>12,804,557</u>	<u>13,042,163</u>	<u>-1.82%</u>

For the year ended June 30, 2020:

- The cost financed by users of the District's programs was \$819,465.
- Federal and state governments along with local sources subsidized certain programs and projects with grants and contributions totaling \$1,276,179.
- The net cost of governmental activities was financed with \$5,170,185 in property tax, \$412,717 in income surtax, \$1,089,755 in statewide sales, services and use tax, \$6,570,537 in unrestricted state grants, \$80,111 in interest income and \$56,526 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$742,684 and expenses were \$709,675 for the year ended June 30, 2020. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$8,609,901, above last year's ending combined fund balances of \$5,880,483. The increase is primarily a result of an increase in the Capital Projects Fund balance compared to the prior year.

Governmental Fund Highlights

- The General Fund balance increased from \$2,729,755 at June 30, 2019 to \$2,854,898 at June 30, 2020. Total revenues increased due to an increase in local tax revenues. Total expenditures decreased mainly due to a decrease in regular instruction cost incurred.
- The Capital Projects Fund balance increased from \$2,135,692 at June 30, 2019 to \$4,387,004 at June 30, 2020. The increase was due primarily to \$2,032,388 of unspent revenue bond proceeds remaining from the \$5,679,000 of bonds issued November 25, 2019.

- The Management Levy Fund balance increased from \$681,576 at June 30, 2019 to \$1,169,479 at June 30, 2020. Revenues increased 29.11% mostly due to an increase in local tax revenues. Expenditures increased 33.51% due in part to increased early retirement costs.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from deficit \$70,571 at June 30, 2019 to deficit \$81,514 at June 30, 2020, representing a decrease of 15.51%. Operating expenses did not vary significantly from the prior year, however, total revenues decreased primarily due to a decrease in revenues from charges for service compared to the previous year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Shenandoah Community School District amended its budget one time to reflect additional expenditures associated with the high school renovation project.

The District's revenues were \$126,945 less than budgeted revenues, a variance of 0.77%. The most significant variance resulted from the District receiving less from local sources than originally anticipated.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had invested \$17,060,739, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 24.88% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$588,828.

The original cost of the District's capital assets was approximately \$32.87 million. Governmental activities accounted for approximately \$32.58 million with the remainder of approximately \$0.29 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$3,668,796 at June 30, 2020, compared to \$147,000 reported at June 30, 2019. This significant increase resulted from construction activity financed by the issuance of \$5,679,000 of revenue bonds in fiscal year 2020 for a high school renovation project.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-20
Land	\$ 175,000	175,000	-	-	175,000	175,000	0.00%
Construction in progress	3,668,796	147,000	-	-	3,668,796	147,000	2395.78%
Buildings	11,897,605	11,991,901	-	-	11,897,605	11,991,901	-0.79%
Land improvements	535,649	572,928	-	-	535,649	572,928	-6.51%
Machinery and equipment	744,826	727,596	38,863	46,743	783,689	774,339	1.21%
Total	\$ 17,021,876	13,614,425	38,863	46,743	17,060,739	13,661,168	24.88%

Long-Term Debt

At June 30, 2020, the District had \$8,627,000 in long-term debt outstanding. This represents an increase of 131.91% from last year. (See figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District had outstanding revenue bonded indebtedness of \$8,627,000 at June 30, 2020, payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District.

	Figure A-7		
	Outstanding Long-Term Obligations		
	Total	Total	Total
	District	Change	
	June 30,	June 30,	
	2020	2019	2019-20
Revenue bonds	\$ 8,627,000	3,720,000	131.91%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The district has experienced a decline in enrollment due to the COVID-19 pandemic. This will affect the funding received from the State for General Fund, SAVE, the Nutrition Program.
- Due to the decrease in enrollment during FY21 because of the COVID-19 pandemic, the district projects to be on budget guarantee during the FY22 year which is funded by local property tax.
- Page County is currently conducting property value assessments which are projected to be completed in FY22. This is projected to give the District an increase in property valuations.
- Eaton's manufacturing closed in Shenandoah. This is a loss of jobs and families to the community. However, the district was informed that Pella will be expanding its workforce by over 100 jobs.

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 Sherri Ruzek, School Business Official, Shenandoah Community School District, 304 W. Nishna Road, Shenandoah, Iowa, 51601.



SHENANDOAH COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 11,007,253	66,843	11,074,096
Receivables:			
Property tax:			
Delinquent	51,017	-	51,017
Succeeding year	4,770,091	-	4,770,091
Income surtax	415,096	-	415,096
Accounts	23,616	30	23,646
Internal balances	42,789	(42,789)	-
Due from other governments	382,403	47,102	429,505
Inventories	-	14,569	14,569
Capital assets not being depreciated:			
Land and construction in progress	3,843,796	-	3,843,796
Capital assets, net of accumulated depreciation:			
Buildings and land improvements and machinery and equipment	13,178,080	38,863	13,216,943
Total assets	33,714,141	124,618	33,838,759
Deferred Outflows of Resources			
Pension related deferred outflows	1,625,679	50,050	1,675,729
OPEB related deferred outflows	197,091	6,557	203,648
Total deferred outflows of resources	1,822,770	56,607	1,879,377
Liabilities			
Accounts payable	1,513,211	2,133	1,515,344
Salaries and benefits payable	1,190,249	9,984	1,200,233
Advances from grantors	193,717	-	193,717
Unearned revenue	-	13,388	13,388
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	740,000	-	740,000
Termination benefits	153,952	-	153,952
Compensated absences	195,726	4,427	200,153
Portion due after one year:			
Revenue bonds	7,887,000	-	7,887,000
Termination benefits	132,364	-	132,364
Net pension liability	5,920,205	180,583	6,100,788
Total OPEB liability	680,733	22,649	703,382
Total liabilities	18,607,157	233,164	18,840,321
Deferred Inflows of Resources			
Unavailable property tax revenue	4,770,091	-	4,770,091
Pension related deferred inflows	969,557	29,575	999,132
Total deferred inflows of resources	5,739,648	29,575	5,769,223
Net Position			
Net investment in capital assets	10,427,264	38,863	10,466,127
Restricted for:			
Categorical funding	381,995	-	381,995
Debt service	96,190	-	96,190
Management levy purposes	883,163	-	883,163
Student activities	102,330	-	102,330
School infrastructure	1,697,371	-	1,697,371
Physical plant and equipment	657,245	-	657,245
Unrestricted	(3,055,452)	(120,377)	(3,175,829)
Total net position	\$ 11,190,106	(81,514)	11,108,592

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 5,189,350	449,552	139,825	(4,599,973)	-	(4,599,973)
Special	1,694,660	130,839	70,400	(1,493,421)	-	(1,493,421)
Other	2,005,516	203,277	554,622	(1,247,617)	-	(1,247,617)
	<u>8,889,526</u>	<u>783,668</u>	<u>764,847</u>	<u>(7,341,011)</u>	-	<u>(7,341,011)</u>
Support services:						
Student	527,173	-	-	(527,173)	-	(527,173)
Instructional staff	1,021,768	-	984	(1,020,784)	-	(1,020,784)
Administration	1,304,962	35,797	-	(1,269,165)	-	(1,269,165)
Operation and maintenance of plant	1,463,524	-	1,297	(1,462,227)	-	(1,462,227)
Transportation	675,766	-	39,814	(635,952)	-	(635,952)
	<u>4,993,193</u>	<u>35,797</u>	<u>42,095</u>	<u>(4,915,301)</u>	-	<u>(4,915,301)</u>
Long-term debt interest	155,662	-	-	(155,662)	-	(155,662)
Other expenditures:						
AEA flowthrough	469,237	-	469,237	-	-	-
Depreciation (unallocated)*	392,583	-	-	(392,583)	-	(392,583)
	<u>861,820</u>	-	<u>469,237</u>	<u>(392,583)</u>	-	<u>(392,583)</u>
Total governmental activities	<u>14,900,201</u>	<u>819,465</u>	<u>1,276,179</u>	<u>(12,804,557)</u>	-	<u>(12,804,557)</u>
Business type activities:						
Support services:						
Administration	300	-	-	-	(300)	(300)
Non-instructional programs:						
Food service operations	709,375	168,721	563,846	-	23,192	23,192
Total business type activities	<u>709,675</u>	<u>168,721</u>	<u>563,846</u>	-	<u>22,892</u>	<u>22,892</u>
Total	<u>\$ 15,609,876</u>	<u>988,186</u>	<u>1,840,025</u>	<u>(12,804,557)</u>	<u>22,892</u>	<u>(12,781,665)</u>
General Revenues and Transfers:						
Property tax levied for:						
General purposes				\$ 4,764,827	-	4,764,827
Debt service				4	-	4
Capital outlay				405,354	-	405,354
Income surtax				412,717	-	412,717
Statewide sales, services and use tax				1,089,755	-	1,089,755
Unrestricted state grants				6,570,537	-	6,570,537
Unrestricted investment earnings				80,111	483	80,594
Other				56,526	9,634	66,160
Transfers				43,952	(43,952)	-
Total general revenues and transfers				<u>13,423,783</u>	<u>(33,835)</u>	<u>13,389,948</u>
Change in net position				619,226	(10,943)	608,283
Net position beginning of year				10,570,880	(70,571)	10,500,309
Net position end of year				<u>\$ 11,190,106</u>	<u>(81,514)</u>	<u>11,108,592</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Management Levy	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 3,968,538	5,680,068	1,160,296	198,351	11,007,253
Receivables:					
Property tax:					
Delinquent	37,962	3,872	9,183	-	51,017
Succeeding year	3,751,381	418,709	600,001	-	4,770,091
Income surtax	207,548	207,548	-	-	415,096
Accounts	23,318	-	-	298	23,616
Due from other funds	43,952	-	-	-	43,952
Due from other governments	290,691	91,712	-	-	382,403
Total assets	\$ 8,323,390	6,401,909	1,769,480	198,649	16,693,428
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Due to other funds	\$ 1,163	-	-	-	1,163
Accounts payable	124,434	1,388,648	-	129	1,513,211
Salaries and benefits payable	1,190,249	-	-	-	1,190,249
Advances from grantors	193,717	-	-	-	193,717
Total liabilities	1,509,563	1,388,648	-	129	2,898,340
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,751,381	418,709	600,001	-	4,770,091
Income surtax	207,548	207,548	-	-	415,096
Total deferred inflows of resources	3,958,929	626,257	600,001	-	5,185,187
Fund balances:					
Restricted for:					
Categorical funding	381,995	-	-	-	381,995
Debt service	-	-	-	96,190	96,190
Management levy purposes	-	-	1,169,479	-	1,169,479
Student activities	-	-	-	102,330	102,330
School infrastructure	-	3,729,759	-	-	3,729,759
Physical plant and equipment	-	657,245	-	-	657,245
Assigned	105,718	-	-	-	105,718
Unassigned	2,367,185	-	-	-	2,367,185
Total fund balances	2,854,898	4,387,004	1,169,479	198,520	8,609,901
Total liabilities, deferred inflows of resources and fund balances	\$ 8,323,390	6,401,909	1,769,480	198,649	16,693,428

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds (page 20) \$ 8,609,901

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. 17,021,876

Accounts receivable income surtax is not available to finance expenditures of the current year and, therefore, is recognized as a deferred inflow of resources in the governmental funds. 415,096

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	\$ 1,822,770	
Deferred inflows of resources	<u>(969,557)</u>	853,213

Long-term liabilities, including revenue bonds payable, termination benefits payable, compensated absences payable, net pension liability and total OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (15,709,980)

Net position of governmental activities (page 18) \$ 11,190,106

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

	General	Capital Projects	Management Levy	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 4,046,341	821,952	926,785	4	5,795,082
Tuition	549,157	-	-	-	549,157
Other	261,343	39,665	6,801	208,249	516,058
State sources	7,292,610	1,102,188	28,517	-	8,423,315
Federal sources	404,043	-	-	-	404,043
Total revenues	<u>12,553,494</u>	<u>1,963,805</u>	<u>962,103</u>	<u>208,253</u>	<u>15,687,655</u>
Expenditures:					
Current:					
Instruction:					
Regular	4,803,992	-	213,918	-	5,017,910
Special	1,657,202	-	-	-	1,657,202
Other	1,703,925	-	-	197,317	1,901,242
	<u>8,165,119</u>	<u>-</u>	<u>213,918</u>	<u>197,317</u>	<u>8,576,354</u>
Support services:					
Student	503,248	-	8,000	-	511,248
Instructional staff	683,720	238,902	-	-	922,622
Administration	1,215,686	138,268	18,917	-	1,372,871
Operation and maintenance of plant	1,007,397	15,958	205,372	-	1,228,727
Transportation	437,192	232,930	27,993	-	698,115
	<u>3,847,243</u>	<u>626,058</u>	<u>260,282</u>	<u>-</u>	<u>4,733,583</u>
Capital outlay	-	3,983,649	-	-	3,983,649
Long-term debt:					
Principal	-	-	-	772,000	772,000
Interest and fiscal charges	-	-	-	155,662	155,662
	<u>-</u>	<u>-</u>	<u>-</u>	<u>927,662</u>	<u>927,662</u>
Other expenditures:					
AEA flowthrough	469,237	-	-	-	469,237
Total expenditures	<u>12,481,599</u>	<u>4,609,707</u>	<u>474,200</u>	<u>1,124,979</u>	<u>18,690,485</u>
Excess (Deficiency) of revenues over (under) expenditures	71,895	(2,645,902)	487,903	(916,726)	(3,002,830)
Other financing sources (uses):					
Insurance proceeds	9,296	-	-	-	9,296
Revenue bond issuance	-	5,679,000	-	-	5,679,000
Transfer in	43,952	144,150	-	925,936	1,114,038
Transfer out	-	(925,936)	-	(144,150)	(1,070,086)
Total other financing sources (uses)	<u>53,248</u>	<u>4,897,214</u>	<u>-</u>	<u>781,786</u>	<u>5,732,248</u>
Change in fund balances	125,143	2,251,312	487,903	(134,940)	2,729,418
Fund balances beginning of year	<u>2,729,755</u>	<u>2,135,692</u>	<u>681,576</u>	<u>333,460</u>	<u>5,880,483</u>
Fund balances end of year	<u>\$ 2,854,898</u>	<u>4,387,004</u>	<u>1,169,479</u>	<u>198,520</u>	<u>8,609,901</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Change in fund balances - total governmental funds (page 22) \$ 2,729,418

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

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

Capital outlay	\$ 4,023,493	
Depreciation expense	(580,948)	
Loss on disposal	(35,094)	
	3,407,451	3,407,451

Income surtax receivable is not considered available revenue and is recognized as a deferred inflow of resources in the governmental funds. (212,180)

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	(5,679,000)	
Repaid	772,000	
	(4,907,000)	(4,907,000)

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. 723,715

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:

Termination benefits	24,615	
Compensated absences	12,945	
Pension expense	(1,132,072)	
Total OPEB liability and related expenses	(27,666)	(1,122,178)

Change in net position of governmental activities (page 19) \$ 619,226

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

	Business Type Activities: Enterprise Fund
	School Nutrition
Assets	
Current assets:	
Cash and pooled investments	\$ 66,843
Accounts receivable	30
Due from other governments	47,102
Due from other funds	1,163
Inventories	14,569
Total current assets	129,707
Noncurrent assets:	
Capital assets, net of accumulated depreciation	38,863
Total assets	168,570
Deferred Outflows of Resources	
Pension related deferred outflows	50,050
OPEB related deferred outflows	6,557
Total deferred outflows of resources	56,607
Liabilities	
Current liabilities:	
Due to other funds	43,952
Accounts payable	2,133
Salaries and benefits payable	9,984
Unearned revenue	13,388
Total current liabilities	69,457
Noncurrent liabilities:	
Compensated absences	4,427
Net pension liability	180,583
Total OPEB liability	22,649
Total noncurrent liabilities	207,659
Total liabilities	277,116
Deferred Inflows of Resources	
Pension related deferred inflows	29,575
Net Position	
Net investment in capital assets	38,863
Unrestricted	(120,377)
Total net position	\$ (81,514)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities: Enterprise Fund
	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 168,721
Miscellaneous	9,634
Total operating revenues	178,355
Operating expenses:	
Support services:	
Administration:	
Services	300
Non-instructional programs:	
Food service operations:	
Salaries	241,689
Benefits	89,075
Services	501
Supplies	370,230
Depreciation	7,880
	709,375
Total operating expenses	709,675
Operating loss	(531,320)
Non-operating revenues:	
State sources	5,550
Federal sources	558,296
Interest income	483
Total non-operating revenues	564,329
Change in net position before other financing uses	33,009
Other financing uses:	
Transfer out	(43,952)
Change in net position	(10,943)
Net position beginning of year	(70,571)
Net position end of year	\$ (81,514)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities: Enterprise Fund
	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 169,024
Cash received from donations	7,221
Cash received from miscellaneous	2,413
Cash payments to employees for services	(319,762)
Cash payments to suppliers for goods or services	(314,260)
Net cash used in operating activities	(455,364)
Cash flows from non-capital financing activities:	
Transfer to the General Fund	(43,952)
Net borrowings from General Fund	43,988
State grants received	7,308
Federal grants received	484,212
Net cash provided by non-capital financing activities	491,556
Cash flows from investing activities:	
Interest on investments	483
Net increase in cash and pooled investments	36,675
Cash and pooled investments beginning of year	30,168
Cash and pooled investments end of year	\$ 66,843
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (531,320)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	51,692
Depreciation	7,880
Change in assets and liabilities:	
Inventories	6,153
Accounts receivable	303
Accounts payable	(1,074)
Salaries and benefits payable	3,124
Net pension liability	(16,011)
Deferred outflows of resources	13,712
Deferred inflows of resources	18,317
Compensated absences	357
Total OPEB liability	(8,497)
Net cash used in operating activities	\$ (455,364)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2020, the District received \$51,692 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2020

	Private Purpose Trust	Agency
	Scholarship	
Assets		
Cash and pooled investments	\$ 386,988	1,280
Liabilities		
Due to other groups	-	1,280
Net Position		
Held in trust for scholarships	\$ 386,988	-

SEE NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2020

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Interest income	\$ 1,450
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	4,925
Change in net position	(3,475)
Net position beginning of year	390,463
Net position end of year	\$ 386,988

SEE NOTES TO FINANCIAL STATEMENTS.

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

(1) Summary of Significant Accounting Policies

Shenandoah 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 Shenandoah, Iowa, and the predominate agricultural territory in Page, Fremont, Mills and Montgomery Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but 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, Fremont, Mills and Montgomery County Assessors' Conference Boards.

B. Basis of Presentation

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

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

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

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

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

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

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

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 Management Levy Fund is used to account for property tax and other revenues used for the cost of unemployment benefits, early retirement benefits and liability insurance.

The District reports the following nonmajor proprietary fund:

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

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

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

The Agency Fund is used to account for assets held by the District as an agent for individuals or other organizations. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Assets - Capital assets, which include property, machinery and equipment and intangibles acquired after July 1, 1980 are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 3,000
Buildings	3,000
Land improvements	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 of depreciation over the following estimated useful lives:

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

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the 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 is payable in July and August, have been accrued as liabilities.

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

Unearned Revenue - Unearned revenues in the Statement of Net Position are moneys collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided.

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that 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 while the portion attributable to the business type activities will be paid by the School Nutrition Fund.

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

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund while the portion attributable to the business type activities will be paid by the 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 on the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unrecognized items not yet charged to pension expense.

Fund Equity - 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.

Assigned - Amounts not available for appropriation, but rather set aside for specific purposes in the District's General Fund. The District's Board of Directors authorizes the Superintendent or Board Secretary to assign General Fund balance amounts pursuant to Board policy.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

The District's deposits 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 such investments at June 30, 2020.

(3) Due From and Due to Other Funds

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	School Nutrition	\$ 1,163
School Nutrition	General	43,952
Total		<u>\$ 45,115</u>

The School Nutrition Fund is repaying the General Fund for reimbursed indirect costs not repaid before fiscal year-end.

The General Fund is repaying the School Nutrition Fund for expenses reclassified after year-end.

(4) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	School Nutrition	\$ 43,952
Capital Projects: Physical Plant and Equipment Levy	Debt Service	144,150
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	925,936
Total		<u>\$ 1,114,038</u>

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

The transfer from the Debt Service Fund to the Capital Projects: Physical Plant and Equipment Levy Fund was a one-time transfer of residual fund balance.

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

(5) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 175,000	-	-	175,000
Construction in progress	147,000	3,711,928	190,132	3,668,796
Total capital assets not being depreciated	<u>322,000</u>	<u>3,711,928</u>	<u>190,132</u>	<u>3,843,796</u>
Capital assets being depreciated:				
Buildings	24,689,169	261,008	-	24,950,177
Land improvements	1,378,843	-	-	1,378,843
Machinery and equipment	2,367,518	240,689	195,531	2,412,676
Total capital assets being depreciated	<u>28,435,530</u>	<u>501,697</u>	<u>195,531</u>	<u>28,741,696</u>
Less accumulated depreciation for:				
Buildings	12,697,268	355,304	-	13,052,572
Land improvements	805,915	37,279	-	843,194
Machinery and equipment	1,639,922	188,365	160,437	1,667,850
Total accumulated depreciation	<u>15,143,105</u>	<u>580,948</u>	<u>160,437</u>	<u>15,563,616</u>
Total capital assets being depreciated, net	<u>13,292,425</u>	<u>(79,251)</u>	<u>35,094</u>	<u>13,178,080</u>
Governmental activities capital assets, net	<u>\$ 13,614,425</u>	<u>3,632,677</u>	<u>225,226</u>	<u>17,021,876</u>
Business type activities:				
Machinery and equipment	\$ 311,267	-	23,297	287,970
Less accumulated depreciation	264,524	7,880	23,297	249,107
Business type activities capital assets, net	<u>\$ 46,743</u>	<u>(7,880)</u>	<u>-</u>	<u>38,863</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 13,052
Other	8,230
Support services:	
Instructional staff	3,128
Operation and maintenance of plant	11,664
Transportation	<u>152,291</u>
	188,365
Unallocated depreciation	<u>392,583</u>
Total governmental activities depreciation expense	<u>\$ 580,948</u>
Business type activities:	
Food service operations	<u>\$ 7,880</u>

(6) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 3,720,000	5,679,000	772,000	8,627,000	740,000
Termination benefits	310,931	111,405	136,020	286,316	153,952
Compensated absences	208,671	195,726	208,671	195,726	195,726
Net pension liability	6,536,091	-	615,886	5,920,205	-
Total OPEB liability	619,085	61,648	-	680,733	-
Total	<u>\$ 11,394,778</u>	<u>6,047,779</u>	<u>1,732,577</u>	<u>15,709,980</u>	<u>1,089,678</u>
Business type activities:					
Compensated absences	\$ 4,070	4,427	4,070	4,427	4,427
Net pension liability	196,594	-	16,011	180,583	-
Total OPEB liability	31,146	-	8,497	22,649	-
Total	<u>\$ 231,810</u>	<u>4,427</u>	<u>28,578</u>	<u>207,659</u>	<u>4,427</u>

Revenue Bonds

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

Year Ending June 30,	Refunding bonds issued June 13, 2016				Bonds issued November 25, 2019			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total	
2021	2.22 %	\$ 345,000	75,147	2.13 %	\$ 395,000	111,655	740,000	186,802	926,802	
2022	2.22	350,000	67,488	2.13	406,000	103,241	756,000	170,729	926,729	
2023	2.22	360,000	59,718	2.13	413,000	94,593	773,000	154,311	927,311	
2024	2.22	365,000	51,726	2.13	425,000	85,796	790,000	137,522	927,522	
2025	2.22	375,000	43,623	2.13	432,000	76,744	807,000	120,367	927,367	
2026-2030	2.22	1,590,000	89,133	2.13	2,713,000	242,160	4,303,000	331,293	4,634,293	
2031		-	-	2.13	458,000	4,878	458,000	4,878	462,878	
Total		<u>\$ 3,385,000</u>	<u>386,835</u>		<u>\$ 5,242,000</u>	<u>719,067</u>	<u>8,627,000</u>	<u>1,105,902</u>	<u>9,732,902</u>	

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,680,000 of bonds issued in June 2016 and \$5,679,000 of bonds issued in November 2019. The Series 2016 bonds were issued for the purpose of refinancing Series 2010 revenue bonds. The Series 2019 bonds were issued for the purpose of financing a portion of the District's high school renovation project. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2031. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 85% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$9,732,902. For the current year, \$772,000 of principal and \$155,162 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$1,089,755.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds requires the District to make monthly transfers from the Capital Projects: Statewide Sales, Services and Use Tax Fund depositing money into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.

Termination Benefits

In February 2020, the District approved a voluntary early retirement plan for employees. The plan was only offered to employees for one year. Eligible employees must have reached the age of fifty-five and completed at least ten years of full-time service to the District. The application for early retirement was subject to approval by the Board of Education. Early retirement benefits equal \$16,000 for licensed staff and \$10,000 for support staff. The benefits will be paid in two equal annual installments following retirement and placed in an employer sponsored 403(b) Special Pay Plan. Additionally, the District will pay health insurance premiums for a single policy up to four years for continued coverage in the District's health plan.

At June 30, 2020, the District has obligations to eleven participants with a total liability of \$286,316. Actual early retirement expenditures for the year ended June 30, 2020 totaled \$136,020.

(7) Pension Plan

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

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

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, 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 \$746,252.

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 \$6,100,788 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 0.105356%, which was a decrease of 0.001035% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,168,978. 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	\$ 16,913	219,353
Changes of assumptions	653,482	-
Net difference between projected and actual earnings on IPERS' investments	-	687,485
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	259,082	92,294
District contributions subsequent to the measurement date	746,252	-
Total	\$ 1,675,729	999,132

\$746,252 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2021	\$ 203,447
2022	(75,419)
2023	(62,102)
2024	(113,890)
2025	(21,691)
Total	\$ (69,655)

There were no non-employer contributing entities at IPERS.

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

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

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

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

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 10,833,031	6,100,788	2,131,436

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

Payables to IPERS - At June 30, 2020, the District reported payables to IPERS of \$84,424 for legally required District contributions and \$56,253 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(8) Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At July 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	14
Active employees	<u>195</u>
Total	<u><u>209</u></u>

Total OPEB Liability - The District's total OPEB liability of \$703,382 was measured as of June 30, 2020, and was determined by an actuarial valuation dated July 1, 2019 utilizing roll-forward procedures.

Actuarial Assumptions - The total OPEB 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 inflation	3.00% per annum.
Rates of salary increase	3.25% per annum.
Discount rate	3.50% compounded annually, including inflation.
Healthcare cost trend rate	7.50% for FY2020, decreasing by 0.25% annually to an ultimate rate of 5.00%.

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 valuation date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP-2019 generational projection of future mortality improvement. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirroring those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 650,231
Changes for the year:	
Service cost	46,634
Interest	24,981
Differences between expected and actual experiences	49,490
Changes in assumptions	2,721
Benefit payments	<u>(70,675)</u>
Net changes	<u>53,151</u>
Total OPEB liability end of year	<u>\$ 703,382</u>

Changes of assumptions reflect a change in the discount rate from 3.58% as of July 1, 2017, used for the reporting date of June 30, 2019, to 3.50% as of July 1, 2019 used for the reporting date of June 30, 2020.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate 1% lower (2.50%) or 1% higher (4.50%) than the current discount rate.

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB liability	\$ 751,748	703,382	658,772

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates 1% lower (6.50%) or 1% higher (8.50%) than the current healthcare cost trend rates.

	<u>1% Decrease (6.50%)</u>	<u>Healthcare Cost Trend Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Total OPEB liability	\$ 646,850	703,382	769,402

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2020, the District recognized OPEB expense of \$91,493. At June 30, 2020, the District reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experiences	\$ 145,654
Changes in assumptions	<u>57,994</u>
Total	<u>\$ 203,648</u>

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

Year Ended June 30,	Amount
2021	\$ 19,878
2022	19,878
2023	19,878
2024	19,878
2025	19,878
Thereafter	<u>104,258</u>
Total	<u>\$ 203,648</u>

(9) Risk Management

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$469,237 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.

(11) 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 not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

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

Program	Amount
At-Risk Programs	\$ 18,245
Gifted and Talented Programs	56,491
Returning Dropouts and Dropout Prevention Programs	55,154
Teacher Leadership State Aid	115,182
Four-Year-Old Preschool State Aid	65,802
FLEXIBILITY Account Excess HSAP	7,307
Teacher Salary Supplement	221
Beginning Administrator Mentoring & Induction Program	19
Successful Progression for Early Readers	220
Professional Development	<u>63,354</u>
Total	<u>\$ 381,995</u>

(12) Reconciliation of Governmental Fund Balances to Net Position

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

	Net investment in Capital Assets	School Infrastructure	Management Levy	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	3,729,759	1,169,479	2,367,185
Capital assets, net of accumulated depreciation	17,021,876	-	-	-
Revenue bond capitalized indebtedness	(6,594,612)	-	-	-
Unspent bond proceeds	-	(2,032,388)	-	-
Income surtax	-	-	-	415,096
Termination benefits	-	-	(286,316)	-
Compensated absences	-	-	-	(195,726)
Pension related deferred outflows	-	-	-	1,625,679
Pension related deferred inflows	-	-	-	(969,557)
Net pension liability	-	-	-	(5,920,205)
Total OPEB liability	-	-	-	(680,733)
OPEB related deferred outflows	-	-	-	197,091
Assigned fund balance	-	-	-	105,718
Net position (Exhibit A)	<u>\$ 10,427,264</u>	<u>1,697,371</u>	<u>883,163</u>	<u>(3,055,452)</u>

(13) Tax Abatements

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

Tax Abatements of Other Entities

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 Shenandoah	Urban Renewal and Economic Development Projects	\$ 22,685

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2020, this reimbursement amounted to \$9,734.

(14) Construction Commitment

The District entered into contracts totaling \$4,529,192 for a high school renovation project. Total project costs as of June 30, 2020 were \$3,668,796, including \$2,793,463 incurred against the afore mentioned contracts and \$875,333 of non-contract expenditures. The June 30, 2020 balance of \$1,735,729 remaining on contracts will be paid as work on the project progresses.

(15) Prospective Accounting Change

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

(16) COVID-19

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Funds	Fund		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 6,860,297	178,838	7,039,135	7,253,840	7,253,840	(214,705)
State sources	8,423,315	5,550	8,428,865	8,358,444	8,358,444	70,421
Federal sources	404,043	558,296	962,339	945,000	945,000	17,339
Total revenues	<u>15,687,655</u>	<u>742,684</u>	<u>16,430,339</u>	<u>16,557,284</u>	<u>16,557,284</u>	<u>(126,945)</u>
Expenditures/Expenses:						
Instruction	8,576,354	-	8,576,354	9,570,000	9,570,000	993,646
Support services	4,733,583	300	4,733,883	4,999,100	5,200,000	466,117
Non-instructional programs	-	709,375	709,375	750,000	750,000	40,625
Other expenditures	5,380,548	-	5,380,548	3,502,222	5,500,000	119,452
Total expenditures/expenses	<u>18,690,485</u>	<u>709,675</u>	<u>19,400,160</u>	<u>18,821,322</u>	<u>21,020,000</u>	<u>1,619,840</u>
Excess (Deficiency) of revenues over (under) expenditures/expenses	(3,002,830)	33,009	(2,969,821)	(2,264,038)	(4,462,716)	1,492,895
Other financing sources, net	<u>5,732,248</u>	<u>(43,952)</u>	<u>5,688,296</u>	<u>20,000</u>	<u>20,000</u>	<u>5,668,296</u>
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	2,729,418	(10,943)	2,718,475	(2,244,038)	(4,442,716)	7,161,191
Balances beginning of year	<u>5,880,483</u>	<u>(70,571)</u>	<u>5,809,912</u>	<u>4,688,239</u>	<u>4,688,239</u>	<u>1,121,673</u>
Balances end of year	<u>\$ 8,609,901</u>	<u>(81,514)</u>	<u>8,528,387</u>	<u>2,444,201</u>	<u>245,523</u>	<u>8,282,864</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$2,198,678.

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

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.105356%	0.106391%	0.101173%	0.097226%	0.097086%	0.102328%
District's proportionate share of the net pension liability	\$ 6,100,788	6,732,685	6,739,366	6,118,714	4,796,520	4,058,224
District's covered payroll	\$ 8,015,445	7,996,282	7,547,376	6,978,625	6,651,274	6,695,890
District's proportionate share of the net pension liability as a percentage of its covered payroll	76.11%	84.20%	89.29%	87.68%	72.11%	60.61%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 746,252	756,658	714,068	673,981	623,191	593,959	597,943	554,671	517,100	420,681
Contributions in relation to the statutorily required contribution	(746,252)	(756,658)	(714,068)	(673,981)	(623,191)	(593,959)	(597,943)	(554,671)	(517,100)	(420,681)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 7,905,207	8,015,445	7,996,282	7,547,380	6,978,623	6,651,277	6,695,890	6,397,589	6,407,683	6,052,964
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Changes in benefit terms:

There are no significant changes in benefit terms.

Changes in assumptions:

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

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

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

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

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

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

SHENANDOAH 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	\$ 46,634	48,803	47,267
Interest cost	24,981	22,953	21,270
Differences between expected and actual experiences	49,490	-	130,574
Changes in assumptions	2,721	-	72,465
Benefit payments	(70,675)	(27,732)	(18,422)
Net change in total OPEB liability	53,151	44,024	253,154
Total OPEB liability beginning of year	650,231	606,207	353,053
Total OPEB liability end of year	\$ 703,382	650,231	606,207
Covered-employee payroll	\$ 7,376,408	7,940,080	7,690,150
Total OPEB liability as a percentage of covered-employee payroll	9.54%	8.19%	7.88%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	2.50%



SHENANDOAH COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

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

	<u>Special Revenue</u>		
	Student Activity	Debt Service	Total Nonmajor
Assets			
Cash and pooled investments	\$ 102,161	96,190	198,351
Accounts receivable	298	-	298
Total assets	\$ 102,459	96,190	198,649
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 129	-	129
Deferred inflows of resources	-	-	-
Fund balances:			
Restricted for:			
Debt service	-	96,190	96,190
Student activities	102,330	-	102,330
Total fund balances	102,330	96,190	198,520
Total liabilities, deferred inflows of resources and fund balances	\$ 102,459	96,190	198,649

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue		
	Student Activity	Debt Service	Total Nonmajor
Revenues:			
Local sources:			
Local tax	\$ -	4	4
Other	204,940	3,309	208,249
Total revenues	204,940	3,313	208,253
Expenditures:			
Current:			
Instruction:			
Other	197,317	-	197,317
Long-term debt:			
Principal	-	772,000	772,000
Interest and fiscal charges	-	155,662	155,662
Total expenditures	197,317	927,662	1,124,979
Excess (Deficiency) of revenues over (under) expenditures	7,623	(924,349)	(916,726)
Other financing sources (uses):			
Transfer in	-	925,936	925,936
Transfer out	-	(144,150)	(144,150)
Total other financing sources (uses)	-	781,786	781,786
Change in fund balances	7,623	(142,563)	(134,940)
Fund balances beginning of year	94,707	238,753	333,460
Fund balances end of year	\$ 102,330	96,190	198,520

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH 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 and pooled investments	\$ 5,026,695	653,373	5,680,068
Receivables:			
Property tax:			
Delinquent	-	3,872	3,872
Succeeding year	-	418,709	418,709
Income surtax	-	207,548	207,548
Due from other governments	91,712	-	91,712
Total assets	\$ 5,118,407	1,283,502	6,401,909
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,388,648	-	1,388,648
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	418,709	418,709
Income surtax	-	207,548	207,548
Total deferred inflows of resources	-	626,257	626,257
Fund balances:			
Restricted for:			
School infrastructure	3,729,759	-	3,729,759
Physical plant and equipment	-	657,245	657,245
Total fund balances	3,729,759	657,245	4,387,004
Total liabilities, deferred inflows of resources and fund balances	\$ 5,118,407	1,283,502	6,401,909

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	821,952	821,952
Other	37,005	2,660	39,665
State sources	1,089,755	12,433	1,102,188
Total revenues	<u>1,126,760</u>	<u>837,045</u>	<u>1,963,805</u>
Expenditures:			
Current:			
Support services:			
Instructional staff	-	238,902	238,902
Administration	91,459	46,809	138,268
Operation and maintenance of plant	3,687	12,271	15,958
Transportation	221,959	10,971	232,930
Capital outlay	3,892,714	90,935	3,983,649
Total expenditures	<u>4,209,819</u>	<u>399,888</u>	<u>4,609,707</u>
Excess (Deficiency) of revenues over (under) expenses	(3,083,059)	437,157	(2,645,902)
Other financing sources (uses):			
Revenue bond proceeds	5,679,000	-	5,679,000
Transfer in	-	144,150	144,150
Transfer out	(925,936)	-	(925,936)
Total other financing sources (uses)	<u>4,753,064</u>	<u>144,150</u>	<u>4,897,214</u>
Change in fund balances	1,670,005	581,307	2,251,312
Fund balances beginning of year	<u>2,059,754</u>	<u>75,938</u>	<u>2,135,692</u>
Fund balances end of year	<u>\$ 3,729,759</u>	<u>657,245</u>	<u>4,387,004</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Drama	\$ 11,644	7,099	6,937	11,806
HS General Athletics	2,103	85,993	82,836	5,260
Football	1,241	125	945	421
BPA	2,141	8,844	7,688	3,297
Annual	15,456	4,973	7,447	12,982
Math Club	2,441	-	200	2,241
Cheerleaders	1,098	3,678	2,400	2,376
Class of 2019	121	-	121	-
Class of 2020	405	121	189	337
Class of 2021	1,798	1,617	1,883	1,532
Class of 2022	576	-	24	552
Class of 2023	-	767	42	725
Concessions	1,563	28,342	23,934	5,971
FFA	9,097	20,911	22,227	7,781
FCCLA	1,383	3,357	1,313	3,427
Shen Girls Golf	45	-	-	45
Marching Mustangs	2,002	173	428	1,747
National Art Honor Society	1,611	748	715	1,644
National Honor Society	3,084	726	1,579	2,231
Shen Boys Bowling	1,506	5,630	1,259	5,877
Shen Boys Basketball	375	-	105	270
Shen Girls Basketball	444	4,527	4,145	826
Shen Boys Golf	114	-	-	114
Shen Boys Cross Country	219	-	-	219
Shen Boys Tennis	93	-	-	93
Shen Boys Track	248	-	32	216
Shen Football	1,037	1,410	1,762	685
Shen Girls Tennis	229	113	-	342
Shen Girls Cross Country	24	800	664	160
Shen Singers	1,046	404	232	1,218
Shen Softball	1,273	311	569	1,015
Shen Volleyball	904	392	1,103	193
Shen Wrestlers	702	220	453	469
SHS Speech Club	2,517	1,595	2,848	1,264
HS Dance	-	101	-	101
Student Council	2,141	4,424	5,343	1,222
DAOUST Homeroom	47	-	47	-
MS Annual	2,104	169	502	1,771
MS Cheer	-	256	-	256
MS FCCLA	1,187	-	-	1,187
MS Marching Mustangs	5,445	9,789	7,705	7,529
MS Swing Choir	301	-	-	301
MS Student Council	7,855	1,430	1,050	8,235
Shen Girls Bowling	1,994	-	1,994	-
Lifeskills	1,555	-	27	1,528
May Mentoring Activity	811	5,895	5,892	814
Beecher NAHS	2,050	-	-	2,050
Shenandoah Interact Club	677	-	677	-
Total	\$ 94,707	204,940	197,317	102,330

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN PRIVATE PURPOSE TRUST FUND
 SCHOLARSHIP ACCOUNTS
 YEAR ENDED JUNE 30, 2020

Account	Net Position Beginning of Year	Additions	Deductions	Net Position End of Year
FCA scholarship	\$ 231	1	-	232
Bateman scholarship	9,112	34	-	9,146
Dreyer scholarship	2,793	11	-	2,804
Pickard scholarship	2,134	8	100	2,042
Wilson scholarship	187,353	695	2,250	185,798
Keenan scholarship	13,405	51	-	13,456
Roscoe scholarship	1,298	5	75	1,228
Folden scholarship	1,470	6	-	1,476
Ingrim scholarship	149,909	554	2,500	147,963
Obrien scholarship	808	3	-	811
Penwell scholarship	18,108	68	-	18,176
Richards scholarship	3	-	-	3
Limbacher scholarship	1	-	-	1
Campbell scholarship	2,172	8	-	2,180
Pitner scholarship	1,569	6	-	1,575
Miscellaneous scholarships	97	-	-	97
Total	\$ 390,463	1,450	4,925	386,988

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 YEAR ENDED JUNE 30, 2020

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>Mix It Up:</u>				
Assets				
Cash and pooled investments	\$ 1,581	305	981	905
Liabilities				
Due to other groups	\$ 1,581	305	981	905
<u>Nurses Fund:</u>				
Assets				
Cash and pooled investments	\$ 406	509	540	375
Liabilities				
Due to other groups	\$ 406	509	540	375
<u>Total Agency:</u>				
Assets				
Cash and pooled investments	\$ 1,987	814	1,521	1,280
Liabilities				
Due to other groups	\$ 1,987	814	1,521	1,280

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUNDS
 FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Local sources:										
Local tax	\$ 5,795,082	5,541,222	5,547,193	5,601,166	4,787,405	4,771,335	4,755,599	5,375,009	4,928,448	4,951,533
Tuition	549,157	592,260	441,742	423,058	634,694	491,267	435,121	514,597	487,286	426,560
Other	516,058	600,098	610,645	593,628	508,693	474,023	429,317	446,933	405,877	492,155
Intermediate sources	-	7,000	-	-	-	-	-	-	4,866	36,000
State sources	8,423,315	8,527,789	8,072,771	8,212,368	6,958,366	6,810,398	6,655,677	5,633,244	6,142,911	5,362,751
Federal sources	404,043	466,725	424,249	465,410	395,748	409,319	355,613	465,132	890,925	725,418
Total	\$ 15,687,655	15,735,094	15,096,600	15,295,630	13,284,906	12,956,342	12,631,327	12,434,915	12,860,313	11,994,417
Expenditures:										
Instruction:										
Regular	\$ 5,017,910	5,202,591	5,244,094	5,067,684	5,016,678	4,582,118	4,475,551	4,544,076	4,461,168	4,158,775
Special	1,657,202	1,489,554	1,664,179	1,521,870	1,341,411	1,490,295	1,343,399	1,244,355	1,238,190	1,133,588
Other	1,901,242	2,076,400	2,061,302	1,748,692	1,634,849	1,485,458	1,461,967	1,473,969	1,438,654	1,408,582
Support services:										
Student	511,248	425,235	422,452	363,593	353,303	349,503	373,958	354,308	330,923	327,166
Instructional staff	922,622	989,557	1,091,860	1,029,451	589,467	630,338	534,229	856,873	551,006	543,436
Administration	1,372,871	1,266,067	1,221,696	1,247,469	1,305,979	1,124,263	1,060,295	1,022,541	1,051,097	956,809
Operation and maintenance of plant	1,228,727	1,247,184	1,104,172	1,003,107	965,057	954,861	925,370	876,727	884,488	813,004
Transportation	698,115	708,828	668,687	483,465	517,279	443,484	383,486	475,205	413,568	389,742
Non-instructional programs	-	25,408	36,560	-	2,309	27,070	-	-	-	18,281
Capital outlay	3,983,649	863,969	390,319	572,161	320,292	251,088	446,976	822,033	1,716,345	1,780,729
Long-term debt:										
Principal	772,000	965,000	945,000	920,000	1,361,925	843,323	4,343,324	608,324	560,000	1,540,000
Interest	155,662	102,460	121,814	76,791	141,827	252,061	361,021	361,697	542,163	218,371
Other expenditures:										
AEA flowthrough	469,237	470,419	467,767	462,930	404,838	399,820	392,820	381,094	385,074	413,540
Total	\$ 18,690,485	15,832,672	15,439,902	14,497,213	13,955,214	12,833,682	16,102,396	13,021,202	13,572,676	13,702,023

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SHENANDOAH 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	FY 20	\$ 89,100
National School Lunch Program	10.555	FY 20	457,673 *
Summer Food Service Program for Children	10.559	FY 20	11,523
			<u>558,296</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 20	260,380
Supporting Effective Instruction State Grants	84.367	FY 20	39,049
Student Support and Academic Enrichment Program	84.424	FY 20	15,733
Education Stabilization Fund	84.425	FY 20	3,125
Green Hills Area Education Agency:			
Special Education Grants to States	84.027	FY 20	52,332
Career and Technical Education - Basic Grants to States	84.048	FY 20	12,335
U.S. Department of Health and Human Services:			
Iowa Department of Education:			
Foster Care Title IV-E	93.658	FY 20	4,661
Total			<u>\$ 945,911</u>

* Includes \$51,692 of non-cash awards.

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Shenandoah 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 Shenandoah Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Shenandoah 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 - Shenandoah Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

To the Board of Education of Shenandoah Community School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America 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 Shenandoah Community School District, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise Shenandoah Community School District's basic financial statements, and have issued our report thereon dated March 30, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-20 that we consider to be a material weakness.

Compliance and Other Matters

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

Shenandoah Community School District's Responses to Findings

Shenandoah Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Shenandoah 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 Shenandoah Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

March 30, 2021
Newton, Iowa

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

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

To the Board of Education of Shenandoah Community School District:

Report on Compliance for Each Major Federal Program

We have audited Shenandoah 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 each of its major federal programs for the year ended June 30, 2020. Shenandoah Community School District's major federal programs are 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 Shenandoah Community School District's major federal programs 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 Shenandoah Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Shenandoah 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 Shenandoah Community School District's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 Shenandoah 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-20 (2020-001) we consider to be a material weakness.

Shenandoah Community School District's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Shenandoah Community School District's response was not subjected to the audit procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 30, 2021
Newton, Iowa

SHENANDOAH COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) Major programs were as follows:
 - Child Nutrition Cluster
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Shenandoah Community School District did not qualify as a low-risk auditee.

SHENANDOAH COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

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

- 1) Cash - handling and recording cash, posting and reconciling.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Capital assets - recording and reconciling.
- 4) Payroll - recordkeeping, preparation, posting, and distribution.
- 5) Financial reporting - preparing, reconciling and approving.
- 6) Journal entries - writing, approving and posting.

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

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

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

Response - The District continues to provide transparency for the internal controls. The accounting software is web-based so that other individuals, as well as the Executive secretary and the Accounts Payable Specialist, have access to District financial information.

Conclusion - Response accepted.

SHENANDOAH 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 DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program and
CFDA Number 10.559: Summer Food Service Program for Children
Pass-Through Entity Identifying Number: FY20
Federal Award Year: 2020
Prior Year Finding Number: III-A-19 (2019-001)
U.S. Department of Agriculture
Passed through the Iowa Department of Education

III-A-20 Segregation of Duties
(2020-001) One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted one individual has control over portions of one or more of the following areas for the District relating to major federal programs; cash, investments, capital assets, payroll, financial reporting and journal entries. See finding II-A-20.

SHENANDOAH 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 did not exceed the amended certified budgeted amounts.

IV-B-20 Questionable Disbursements - We noted during our audit instances of the District paying sales tax on purchases made with District credit cards. The District is a tax-exempt entity, therefore, expenditures for sales tax would not appear to meet public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review their purchasing and reimbursing procedures currently in place and make the necessary adjustments to comply with the Attorney General's opinion dated April 25, 1979.

Response - The Business Office personnel will remind supervisors and administrators that paying sales tax does not appear to meet public purpose. The Business Office will work with vendors before purchases are made in an effort to not pay sales tax.

Conclusion - Response accepted.

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 - We noted no transactions requiring Board approval which have not been approved by the Board. However, although the District's depositories were listed in the board minutes, we noted the maximum amount that may be kept on deposit in each depository was not included as required by Chapter 12C.2 of the Code of Iowa.

Recommendation - The District should review its banks and depositories, determine a maximum deposit and adopt a subsequent depository resolution to ensure compliance with Chapter 12C.2 of the Code of Iowa.

Response - The District Board of Directors has adopted the maximum depository resolution. This will be reviewed annually.

Conclusion - Response accepted.

IV-H-20 Certified Enrollment - We noted the enrollment data certified to the Iowa Department of Education was understated by 2.00 students.

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

Response - The District's auditors will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.

Conclusion - Response accepted.

IV-I-20 Supplementary Weighting - We noted the supplementary weighting data certified to the Iowa Department of Education was understated by 0.239.

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

Response - The District's auditors will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.

Conclusion - Response accepted.

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 and we noted no significant deficiencies in the amounts reported.

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		\$ 2,059,754
Revenues:		
Sales tax revenues	\$ 1,089,755	
Other local revenues	37,005	
Sale of long-term debt	<u>5,679,000</u>	<u>6,805,760</u>
Expenditures/transfers out:		
School infrastructure construction	3,845,876	
Equipment	272,484	
Other	91,459	
Transfers to other funds:		
Debt Service	<u>925,936</u>	<u>5,135,755</u>
Ending balance		<u>\$ 3,729,759</u>

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