

GLENWOOD COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2018

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Glenwood Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2017 Election)		
Theresa Romens	President	2019
Ann Staiert	Vice President	2017
Michelle Bahr	Board Member	2017
Curt Becker	Board Member	2019
Greg Schultz	Board Member	2017
(After September 2017 Election)		
Curt Becker	President	2019
Theresa Romens	Vice President	2019
Michelle Bahr	Board Member	2021
Ann Staiert	Board Member	2021
Greg Schultz	Board Member	2021
School Officials		
Devin Embray	Superintendent	2018
Kristi Buman	District Secretary/Business Manager	2018
Lynch Dallas, P.C.	Attorney	2018

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
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Independent Auditor's Report

To the Board of Education of Glenwood Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, business type activities, each major fund and the aggregate remaining fund information of Glenwood Community School District, Glenwood, Iowa, as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Glenwood Community School District at June 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 15 to the financial statements, Glenwood Community School District adopted new accounting guidance related to Governmental Accounting Standard Board (GASB) Statement No. 75, Accounting and Financing Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information.

U.S generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 17 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 the 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 Glenwood 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, 2017 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 10, 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 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 26, 2019, on our consideration of the Glenwood Community School District's internal control over financial reporting and 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 Glenwood Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 26, 2019
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Glenwood 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, 2018. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2018 FINANCIAL HIGHLIGHTS

- The District implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities and business type activities were reinstated by \$125,980 and \$8,713, respectively, to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.
- General Fund revenues increased from \$21,034,957 in fiscal year 2017 to \$21,566,448 in fiscal year 2018, while General Fund expenditures increased from \$21,131,146 in fiscal year 2017 to \$21,508,835 in fiscal year 2018. This resulted in an increase in the District's General Fund balance from \$4,384,527 at June 30, 2017 to \$4,442,140 at June 30, 2018, a 1.31% increase from the prior year.
- The increase in General Fund revenues was primarily attributable to increases in local source revenues received in fiscal year 2018 while the increase in expenditures was due in part to increased spending in the instruction functional area compared to the prior year.
- The District's total net position increased from \$20,371,599 restated at July 1, 2017 to \$21,208,264 at June 30, 2018. Total revenues increased from \$26,970,446 in fiscal year 2017 to \$27,605,951 in fiscal year 2018, a 2.36% increase, while total expenses increased from \$26,329,387 in fiscal year 2017 to \$26,769,286 in fiscal year 2018, a 1.67% increase compared to the prior year.

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

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

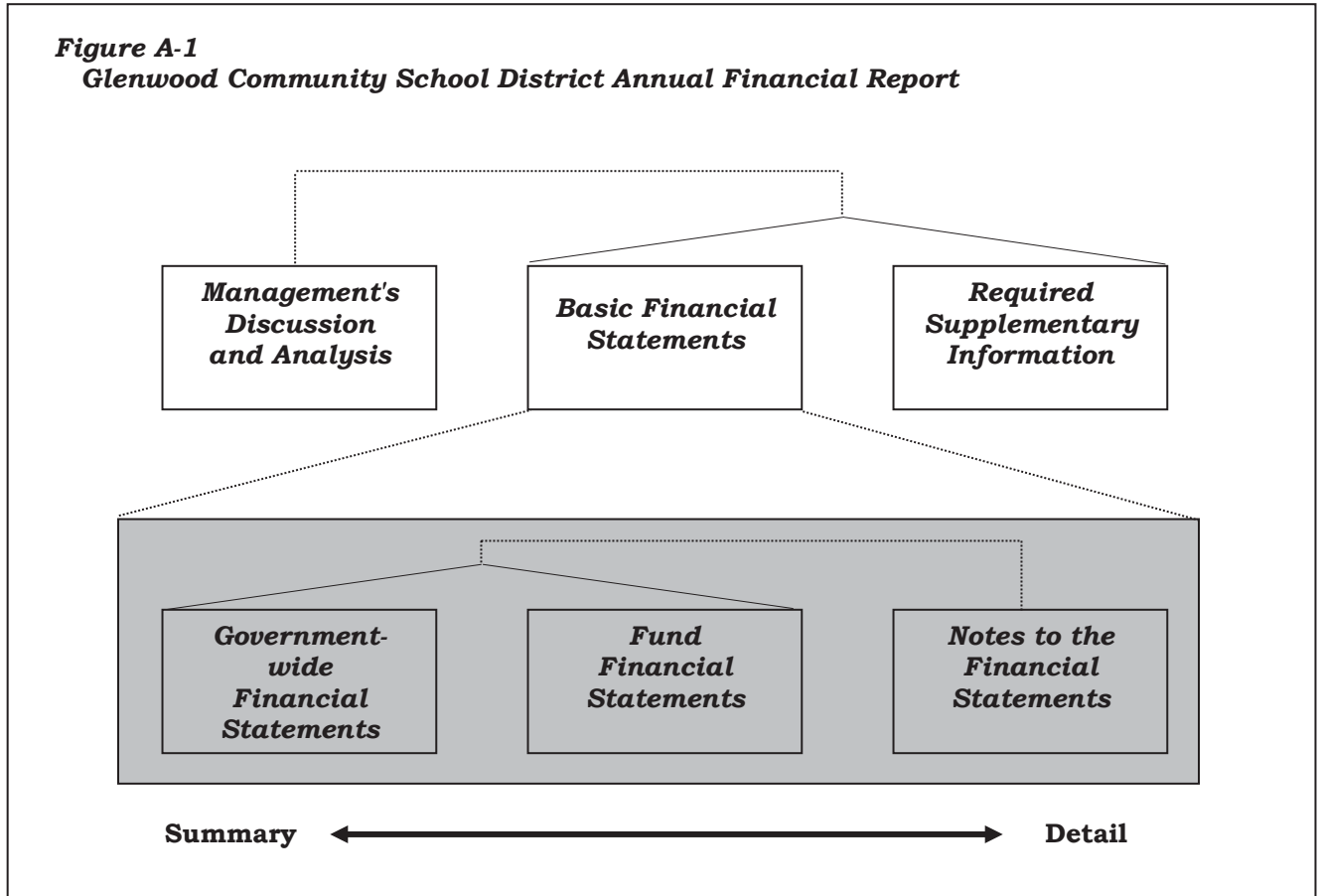


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
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, day care, marketing and culinary class
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 position · Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The two government-wide financial statements report the District’s net position and how it has changed. Net position is one way to measure the District’s financial health or financial position. Over time, increases or decreases in the District’s net position is an indicator of whether financial position is improving or deteriorating. To assess the

District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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

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

The District also utilizes Internal Service Funds, one type of proprietary fund is the same as the District's governmental activities, but provides more detail and additional information such as cash flows. The District currently has two Internal Service Funds used to report activities associated with the District's partially self-funded insurance and its flex benefit plan.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2018 compared to June 30, 2017.

Figure A-3							
Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District	Total Change	
	2018	2017 (Not Restated)	2018	2017 (Not Restated)	2018	2017 (Not Restated)	2017-18
Current and other assets	\$ 28,082,324	21,724,911	809,262	710,587	28,891,586	22,435,498	28.78%
Capital assets	34,001,672	34,559,072	177,230	192,294	34,178,902	34,751,366	-1.65%
Total assets	62,083,996	56,283,983	986,492	902,881	63,070,488	57,186,864	10.29%
Deferred outflows of resources	3,226,868	2,759,627	217,741	156,075	3,444,609	2,915,702	18.14%
Long-term liabilities	33,230,098	28,174,856	818,827	742,063	34,048,925	28,916,919	17.75%
Other liabilities	2,234,729	2,481,591	32,375	36,489	2,267,104	2,518,080	-9.97%
Total liabilities	35,464,827	30,656,447	851,202	778,552	36,316,029	31,434,999	15.53%
Deferred inflows of resources	8,962,503	8,142,904	28,301	18,371	8,990,804	8,161,275	10.16%
Net position:							
Net investment in capital assets	18,755,897	17,964,072	177,230	192,294	18,933,127	18,156,366	4.28%
Restricted	6,022,446	5,844,350	-	-	6,022,446	5,844,350	3.05%
Unrestricted	(3,894,809)	(3,564,163)	147,500	69,739	(3,747,309)	(3,494,424)	-7.24%
Total net position	\$ 20,883,534	20,244,259	324,730	262,033	21,208,264	20,506,292	3.42%

Prior to restatement, the District's total net position increased by \$701,972, or 3.42% compared to the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the invested in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net position increased \$178,096, or 3.05% from the prior year. The increase in restricted net position is primarily due to the increase in amount restricted for physical plant and equipment 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 constraint established by debt covenants, enabling legislation, or the legal requirement - decreased \$252,885 or 7.24%. The decrease in unrestricted net position was primarily a result of the increase in the District's total OPEB liability.

As of June 30, 2018, the District's governmental activities continue to have a deficit unrestricted net position due to the GASB Statement No. 68 pension reporting requirements.

Figure A-4 shows the changes in net position for the year ended June 30, 2018 compared to the year ended June 30, 2017.

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2017		2017		2017		2017-18
	2018	(Not Restated)	2018	(Not Restated)	2018	(Not Restated)	
Revenues:							
Program revenues:							
Charges for service	\$ 2,021,046	1,475,168	1,165,166	1,094,196	3,186,212	2,569,364	24.01%
Operating grants, contributions and restricted interest	1,764,779	1,988,693	760,119	760,204	2,524,898	2,748,897	-8.15%
General revenues:							
Property tax	7,745,246	7,413,531	-	-	7,745,246	7,413,531	4.47%
Income surtax	507,149	264,868	-	-	507,149	264,868	91.47%
Statewide sales, services and use tax	1,823,199	1,912,388	-	-	1,823,199	1,912,388	-4.66%
Unrestricted state grants	11,539,887	11,837,628	-	-	11,539,887	11,837,628	-2.52%
Unrestricted investment earnings	78,301	14,338	596	431	78,897	14,769	434.21%
Other	194,307	205,673	6,156	3,328	200,463	209,001	-4.09%
Total revenues	25,673,914	25,112,287	1,932,037	1,858,159	27,605,951	26,970,446	2.36%
Program expenses:							
Instruction	14,720,450	14,375,303	-	-	14,720,450	14,375,303	2.40%
Support services	8,024,894	7,906,411	23,497	42,900	8,048,391	7,949,311	1.25%
Non-instructional programs	18,834	162	1,837,130	1,831,798	1,855,964	1,831,960	1.31%
Other expenses	2,144,481	2,172,813	-	-	2,144,481	2,172,813	-1.30%
Total expenses	24,908,659	24,454,689	1,860,627	1,874,698	26,769,286	26,329,387	1.67%
Change in net position	765,255	657,598	71,410	(16,539)	836,665	641,059	30.51%
Net position beginning of year, as restated	20,118,279	19,586,661	253,320	278,572	20,371,599	19,865,233	2.55%
Net position end of year	\$ 20,883,534	20,244,259	324,730	262,033	21,208,264	20,506,292	3.42%

In fiscal year 2018, property tax and unrestricted state grants accounted for 75.12% of the revenue from governmental activities while charges for service and operating grants and contributions accounted for nearly all of the revenue from business type activities.

The District's total revenues were approximately \$27.60 million, of which approximately \$25.67 million was for governmental activities and approximately \$1.93 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.36% increase in revenues and 1.67% increase in expenses. The increase in revenues is due to the increase in property tax revenue received by the District compared to the prior year while the increase in expenses primarily due to an increase in instruction expenses incurred compared to the prior year.

Figure A-5

2017-18 General Fund Revenue Sources

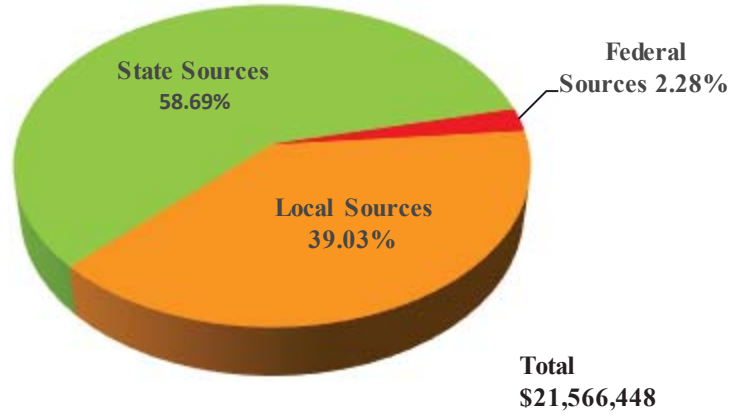
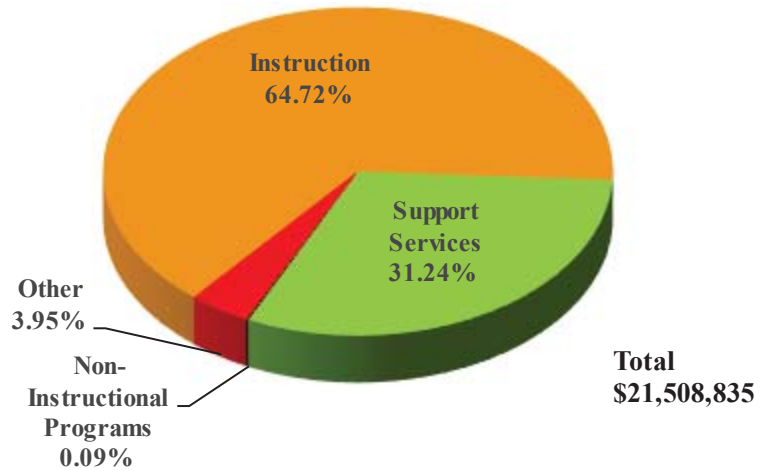


Figure A-6

2017-18 General Fund Expenditures



Governmental Activities

Revenues for governmental activities were \$25,673,914 and expenses were \$24,908,659 for the year ended June 30, 2018.

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, 2018 compared to those expenses for the year ended June 30, 2017.

Figure A-7
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2018	2017 (Not Restated)	Change 2017-18	2018	2017 (Not Restated)	Change 2017-18
Instruction	\$ 14,720,450	14,375,303	2.40%	11,835,863	11,787,910	0.41%
Support services	8,024,894	7,906,411	1.50%	7,974,454	7,868,174	1.35%
Non-instructional programs	18,834	162	11525.93%	18,834	162	11525.93%
Other expenses	2,144,481	2,172,813	-1.30%	1,293,683	1,334,582	-3.06%
Totals	\$ 24,908,659	24,454,689	1.86%	21,122,834	20,990,828	0.63%

For year ended June 30, 2018:

- The cost financed by users of the District’s programs was \$2,021,046.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$1,764,779.
- The net cost of governmental activities was financed with \$7,745,246 in property tax, \$507,149 in income surtax, \$1,823,199 in statewide sales, services and use tax, \$11,539,887 in unrestricted state grants, \$78,301 in interest income, and \$194,307 in other general revenues.

Business Type Activities

Revenues of the District’s business type activities were \$1,932,037 and expenses were \$1,860,627 for the year ended June 30, 2018. The District’s business type activities include the School Nutrition Fund, Day Care Fund, Marketing Class Fund and Culinary Class Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, unrestricted investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

As previously noted, Glenwood 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 \$15,153,518, above last year’s ending combined fund balances of \$9,326,674. The primary reason for the increase in combined fund balances was the increase in fund balance of the Capital Projects: Physical Plant and Equipment Levy Fund.

Governmental Fund Highlights

- The District’s General Fund financial position is the product of many factors. The General Fund balance increased from \$4,384,527 at June 30, 2017 to \$4,442,140 at June 30, 2018. Revenues increased primarily due to an increase in local source revenues received while expenditures increased primarily due to an increase in instruction costs incurred during fiscal year 2018. Total revenues outpaced total expenditures ensuring an increase in ending fund balance.
- The Capital Projects Fund balance increased from a balance of \$2,966,504 at June 30, 2017, to \$9,129,627 at June 30, 2018. This increase in fund balance was primarily a result of the increase in the issuance of long-term debt compared to the prior year. Revenue increased primarily due to the issuance of a revenue bond and capital loan note during the year.
- The Debt Service Fund balance increased from \$400,756 at June 30, 2017, to \$456,136 at June 30, 2018. This increase in fund balance was primarily a result of a decrease in expenditures compared to the prior year while revenues remained relatively unchanged.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from a net position of \$444,450 restated at July 1, 2017 to a net position of \$535,975 at June 30, 2018, representing an increase of 20.59%. An increase in local source revenues helped fund the increase in expenses for fiscal year 2018.

The Day Care Fund net position decreased from a deficit net position of \$195,888 restated at July 1, 2017 to a deficit net position of \$216,326 at June 30, 2018, representing a decrease of 10.43%. An increase in staffing and operating expenses were the primary factors contributing to the decrease in ending net position.

The Marketing Class Fund net position remained unchanged from \$232 at June 30, 2017 to \$232 at June 30, 2018.

The Culinary Class Fund net position increased from \$4,526 at June 30, 2017 to \$4,849 at June 30, 2018. There was relatively no change in the revenues and expenses incurred in the fiscal year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Glenwood Community School District amended its budget one time to reflect the decrease in expenditures associated with PPEL expenditures for activity complex construction and bus purchases.

The District's revenues were \$72,113 more than budgeted revenues, a variance of 0.26%. The most significant variance resulted from the District receiving more in local sources than originally anticipated.

The District's General Fund actual revenues and related instruction expenditures vary from the adopted budget because the District uses the procedure of adopting the maximum authorized budget and pertains to the General Fund of the district. The unspent balance is a budgetary concept and does not mean the "actual General Fund cash." It is imperative for users of District financial information to make this important distinction. The unspent balance is the amount of spending authority that is carried over into the next fiscal year. The unspent balance is a budgetary carryover and does not represent actual dollars (General Fund cash) or actual financial position (unassigned General Fund balance) of the District.

The School District uses a site-based budget. The budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

In spite of the District's budgetary practice, the expenditures in the non-instructional programs and other expenditures function exceeded the amounts budgeted for fiscal year 2018.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the District had invested approximately \$34.18 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-8) This amount represents a net decrease of 1.65% from last year. More detailed information about capital assets is available in Note 3 to the financial statements. Depreciation expense for the year was \$1,124,368.

The original cost of the District's capital assets was \$50,607,286. Governmental activities accounted for \$49,907,434 with the remainder of \$699,852 accounted for in the District's business-type activities.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$0 at June 30, 2017 compared to \$149,775 at June 30, 2018. The increase in construction in progress is primarily due to the work on the activity complex during fiscal year 2018.

Figure A-8							
Capital Assets, Net of Depreciation							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2018	2017	2018	2017	2018	2017	2017-2018
Land	\$ 876,121	876,121	-	-	876,121	876,121	0.00%
Construction in progress	149,775	-	-	-	149,775	-	100.00%
Buildings	31,780,591	32,621,613	-	-	31,780,591	32,621,613	-2.58%
Land improvements	516,207	554,834	-	-	516,207	554,834	-6.96%
Machinery and equipment	678,978	506,504	177,230	192,294	856,208	698,798	22.53%
Total	<u>\$34,001,672</u>	<u>34,559,072</u>	<u>177,230</u>	<u>192,294</u>	<u>34,178,902</u>	<u>34,751,366</u>	<u>-1.65%</u>

Long-Term Debt

At June 30, 2018, the District had \$20,982,000 in bonds, and other long-term debt outstanding. This represents an increase of 26.44% from last year. (See Figure A-9) Additional information about the District's long-term liabilities is available in Note 4 to the financial statements.

The District had outstanding general obligation bonds of \$12,320,000 at June 30, 2018, payable from the Debt Service Fund.

The District had outstanding revenue bonds of \$4,377,000 at June 30, 2018, payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had outstanding capital loan notes of \$4,285,000 at June 30, 2018 payable from the Capital Projects: Physical Plant and Equipment Levy Fund.

Figure A-9			
Outstanding Long-Term Obligations			
	Total District		Total Change
	June 30,		June 30,
	2018	2017	2017-2018
General obligation bonds	\$ 12,320,000	13,615,000	-9.51%
Revenue bonds	4,377,000	2,980,000	46.88%
Capital loan note	4,285,000	-	100.00%
Totals	<u>\$ 20,982,000</u>	<u>16,595,000</u>	<u>26.44%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Union negotiated agreements for salaries and benefits cost continue to exceed the District's new money.
- The many unknowns around ACA, Collective Bargaining, and School Choice will potentially impact the District with increased costs or decreased funding.
- Due to flooding conditions in the District in early 2019, there could be an impact that is unknown at this time.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and 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 Kristi Buman, District Secretary/Business Manager, Glenwood Community School District, 103 Central, Suite 300, Glenwood, Iowa 51534.

Glenwood Community School District

Basic Financial Statements

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 18,248,295	758,865	19,007,160
Receivables:			
Property tax:			
Delinquent	47,859	-	47,859
Succeeding year	8,536,410	-	8,536,410
Income surtax	513,471	-	513,471
Accounts	11,623	1,724	13,347
Due from other governments	718,524	24,077	742,601
Inventories	-	30,738	30,738
Internal balances	6,142	(6,142)	-
Capital assets not being depreciated:			
Land and construction in progress	1,025,896	-	1,025,896
Capital assets, net of accumulated depreciation			
Buildings and land improvements and machinery and equipment	32,975,776	177,230	33,153,006
TOTAL ASSETS	62,083,996	986,492	63,070,488
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	3,182,666	216,037	3,398,703
OPEB related deferred outflows	44,202	1,704	45,906
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,226,868	217,741	3,444,609
LIABILITIES			
Accounts payable	303,133	14,099	317,232
Salaries and benefits payable	1,867,937	-	1,867,937
Advances from grantors	10,659	-	10,659
Accrued interest payable	53,000	-	53,000
Unearned revenue	-	18,276	18,276
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	1,320,000	-	1,320,000
Revenue bonds payable	327,000	-	327,000
Capital loan notes payable	360,000	-	360,000
Compensated absences payable	66,213	8,324	74,537
Portion due after one year:			
General obligation bonds payable	11,000,000	-	11,000,000
Revenue bonds payable	4,050,000	-	4,050,000
Capital loan notes payable	3,925,000	-	3,925,000
Net pension liability	11,173,276	771,642	11,944,918
Total OPEB liability	1,008,609	38,861	1,047,470
TOTAL LIABILITIES	35,464,827	851,202	36,316,029
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	8,536,410	-	8,536,410
Pension related deferred inflows	389,205	26,879	416,084
OPEB related deferred inflows	36,888	1,422	38,310
TOTAL DEFERRED INFLOWS OF RESOURCES	8,962,503	28,301	8,990,804
NET POSITION			
Net investment in capital assets	18,755,897	177,230	18,933,127
Restricted for:			
Categorical funding	1,100,293	-	1,100,293
Debt service	403,136	-	403,136
Management levy purposes	970,591	-	970,591
Student activities	155,024	-	155,024
School infrastructure	3,204,959	-	3,204,959
Physical plant and equipment	188,443	-	188,443
Unrestricted	(3,894,809)	147,500	(3,747,309)
TOTAL NET POSITION	\$ 20,883,534	324,730	21,208,264

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 9,443,841	838,734	67,250	(8,537,857)	-	(8,537,857)
Special	3,076,749	631,547	212,132	(2,233,070)	-	(2,233,070)
Other	2,199,860	550,765	584,159	(1,064,936)	-	(1,064,936)
	<u>14,720,450</u>	<u>2,021,046</u>	<u>863,541</u>	<u>(11,835,863)</u>	<u>-</u>	<u>(11,835,863)</u>
Support services:						
Student	607,404	-	-	(607,404)	-	(607,404)
Instructional staff	1,456,898	-	33,204	(1,423,694)	-	(1,423,694)
Administration	2,965,297	-	15,071	(2,950,226)	-	(2,950,226)
Operation and maintenance of plant	2,014,078	-	-	(2,014,078)	-	(2,014,078)
Transportation	981,217	-	2,165	(979,052)	-	(979,052)
	<u>8,024,894</u>	<u>-</u>	<u>50,440</u>	<u>(7,974,454)</u>	<u>-</u>	<u>(7,974,454)</u>
Non-instructional programs:						
Community service operations	18,834	-	-	(18,834)	-	(18,834)
Long-term debt interest						
	414,034	-	-	(414,034)	-	(414,034)
Other expenditures:						
AEA flowthrough	850,798	-	850,798	-	-	-
Depreciation(unallocated)*	879,649	-	-	(879,649)	-	(879,649)
	<u>1,730,447</u>	<u>-</u>	<u>850,798</u>	<u>(879,649)</u>	<u>-</u>	<u>(879,649)</u>
Total governmental activities	<u>24,908,659</u>	<u>2,021,046</u>	<u>1,764,779</u>	<u>(21,122,834)</u>	<u>-</u>	<u>(21,122,834)</u>
Business type activities:						
Support services:						
Operation and maintenance of plant	23,497	-	-	-	(23,497)	(23,497)
Total support services	<u>23,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,497)</u>	<u>(23,497)</u>
Non-instructional programs:						
Food service operations	1,253,467	705,666	636,160	-	88,359	88,359
Daycare services	581,536	457,050	123,959	-	(527)	(527)
Culinary class	2,127	2,450	-	-	323	323
Total non-instructional programs	<u>1,837,130</u>	<u>1,165,166</u>	<u>760,119</u>	<u>-</u>	<u>88,155</u>	<u>88,155</u>
Total business type activities	<u>1,860,627</u>	<u>1,165,166</u>	<u>760,119</u>	<u>-</u>	<u>64,658</u>	<u>64,658</u>
Total	<u>\$ 26,769,286</u>	<u>3,186,212</u>	<u>2,524,898</u>	<u>(21,122,834)</u>	<u>64,658</u>	<u>(21,058,176)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 6,231,963	-	6,231,963
Debt service				1,322,059	-	1,322,059
Capital outlay				191,224	-	191,224
Income surtax				507,149	-	507,149
Statewide sales, services and use tax				1,823,199	-	1,823,199
Unrestricted state grants				11,539,887	-	11,539,887
Unrestricted investment earnings				78,301	596	78,897
Other				194,307	6,156	200,463
Total general revenues				<u>21,888,089</u>	<u>6,752</u>	<u>21,894,841</u>
Change in net position				765,255	71,410	836,665
Net position beginning of year, as restated				<u>20,118,279</u>	<u>253,320</u>	<u>20,371,599</u>
Net position end of year				<u>\$ 20,883,534</u>	<u>324,730</u>	<u>21,208,264</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Capital Projects	Debt Service	Nonmajor	Total
ASSETS					
Cash and pooled investments	\$ 5,987,973	8,982,410	448,238	1,132,478	16,551,099
Receivables:					
Property tax:					
Delinquent	37,883	1,142	7,898	936	47,859
Succeeding year	6,012,371	700,094	1,323,944	500,001	8,536,410
Income surtax	513,471	-	-	-	513,471
Accounts	8,415	-	-	3,208	11,623
Due from other funds	6,142	-	-	-	6,142
Due from other governments	564,125	154,399	-	-	718,524
TOTAL ASSETS	\$ 13,130,380	9,838,045	1,780,080	1,636,623	26,385,128
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 283,802	8,324	-	11,007	303,133
Salaries and benefits payable	1,867,937	-	-	-	1,867,937
Advances from grantors	10,659	-	-	-	10,659
Total liabilities	2,162,398	8,324	-	11,007	2,181,729
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	6,012,371	700,094	1,323,944	500,001	8,536,410
Income surtax	513,471	-	-	-	513,471
Total deferred inflows of resources	6,525,842	700,094	1,323,944	500,001	9,049,881
Fund balances:					
Restricted for:					
Categorical funding	1,100,293	-	-	-	1,100,293
Debt service	-	-	456,136	-	456,136
Management levy purposes	-	-	-	970,591	970,591
Student activities	-	-	-	155,024	155,024
School infrastructure	-	4,805,959	-	-	4,805,959
Physical plant and equipment	-	4,323,668	-	-	4,323,668
Unassigned	3,341,847	-	-	-	3,341,847
Total fund balances	4,442,140	9,129,627	456,136	1,125,615	15,153,518
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,130,380	9,838,045	1,780,080	1,636,623	26,385,128

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances of governmental funds(page 22)	\$ 15,153,518
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not report as assets in the governmental funds.	34,001,672
Internal Service Funds used by management to charge the costs of the District's self-funded health insurance and flex liabilities benefit plans to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Statement of Net Position.	1,697,196
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.	(53,000)
Income surtax is not available to pay current year expenditures and, therefore, is recognized as deferred inflows of resources in the governmental funds.	513,471
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	\$3,226,868
Deferred inflows of resources	<u>(426,093)</u>
	2,800,775
Long-term liabilities, including bonds and notes payable, compensated absences payable, total OPEB liability and net pension liability are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.	<u>(33,230,098)</u>
Net position of governmental activities(page 20)	<u><u>\$ 20,883,534</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General	Capital Projects	Debt Service	Nonmajor	Total
REVENUES:					
Local sources:					
Local tax	\$ 6,593,020	191,224	1,322,059	149,944	8,256,247
Tuition	1,535,550	-	-	-	1,535,550
Other	289,282	36,884	1,678	568,867	896,711
State sources	12,656,507	1,825,199	13,825	1,638	14,497,169
Federal sources	492,089	-	-	-	492,089
TOTAL REVENUES	21,566,448	2,053,307	1,337,562	720,449	25,677,766
EXPENDITURES:					
Current:					
Instruction:					
Regular	8,804,738	276,316	-	-	9,081,054
Special	3,139,036	-	-	-	3,139,036
Other	1,975,985	-	-	563,286	2,539,271
	13,919,759	276,316	-	563,286	14,759,361
Support services:					
Student	649,739	-	-	-	649,739
Instructional staff	1,347,085	29,073	-	-	1,376,158
Administration	2,325,443	436,440	-	218,109	2,979,992
Operation and maintenance of plant	1,604,026	1,571	-	349,888	1,955,485
Transportation	793,151	313,611	-	38,438	1,145,200
	6,719,444	780,695	-	606,435	8,106,574
Non-instructional programs:					
Community service operations	18,834	-	-	-	18,834
Capital outlay	-	167,520	-	-	167,520
Long-term debt:					
Principal	-	-	1,499,000	-	1,499,000
Interest and fiscal charges	-	-	396,728	-	396,728
	-	-	1,895,728	-	1,895,728
Other expenditures:					
AEA flowthrough	850,798	-	-	-	850,798
TOTAL EXPENDITURES	21,508,835	1,224,531	1,895,728	1,169,721	25,798,815
Excess(Deficiency) of revenues over(under) expenditures	57,613	828,776	(558,166)	(449,272)	(121,049)
OTHER FINANCING SOURCES(USES):					
Transfer in	-	-	613,546	-	613,546
Transfer out	-	(613,546)	-	-	(613,546)
Revenue bond issuance proceeds	-	1,601,000	-	-	1,601,000
Discount on revenue bond issuance	-	(19,212)	-	-	(19,212)
Capital loan note issuance proceeds	-	4,285,000	-	-	4,285,000
Discount on capital loan note issuance	-	(44,993)	-	-	(44,993)
Premiums on capital loan note issuance	-	126,098	-	-	126,098
TOTAL OTHER FINANCING SOURCES(USES)	-	5,334,347	613,546	-	5,947,893
Change in fund balances	57,613	6,163,123	55,380	(449,272)	5,826,844
Fund balances beginning of year	4,384,527	2,966,504	400,756	1,574,887	9,326,674
Fund balances end of year	\$ 4,442,140	9,129,627	456,136	1,125,615	15,153,518

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD 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, 2018

Change in fund balances - total governmental funds(page 24) \$ 5,826,844

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

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

Capital outlay	\$ 527,050	
Depreciation expense	(1,084,450)	(557,400)

Income surtax not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. (3,852)

The change in the Internal Service Fund is charge back against expenditures made for the self-funded health insurance and flex benefit program at an entity-wide basis. The Internal Service Fund is reported as part of the governmental activities. 120,819

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	(5,886,000)	
Repaid	1,499,000	(4,387,000)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (17,306)

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. 1,138,684

District costs associated with the total OPEB liability implicit subsidy after the measurement date, but before year end. 44,202

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

Compensated absences	4,737	
Total OPEB liability and related expenses	(102,825)	
Pension expense	(1,301,648)	(1,399,736)

Change in net position of governmental activities(page 21) \$ 765,255

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business Type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	School Nutrition	Day Care	Marketing Class	Culinary Class		
ASSETS						
Current assets:						
Cash and pooled investments	\$ 659,822	93,962	232	4,849	758,865	1,697,196
Accounts receivable	1,724	-	-	-	1,724	-
Due from other governments	22,756	1,321	-	-	24,077	-
Inventories	30,738	-	-	-	30,738	-
Total current assets	715,040	95,283	232	4,849	815,404	1,697,196
Non-current assets:						
Capital assets, net of accumulated depreciation	175,092	2,138	-	-	177,230	-
TOTAL ASSETS	890,132	97,421	232	4,849	992,634	1,697,196
DEFERRED OUTFLOWS OF RESOURCES						
Pension related deferred outflows	112,230	103,807	-	-	216,037	-
OPEB related deferred outflows	1,015	689	-	-	1,704	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	113,245	104,496	-	-	217,741	-
LIABILITIES						
Current liabilities:						
Due to other funds	6,142	-	-	-	6,142	-
Accounts payable	10,934	3,165	-	-	14,099	-
Unearned revenue	18,276	-	-	-	18,276	-
Total current liabilities	35,352	3,165	-	-	38,517	-
Long-term liabilities:						
Compensated absences	3,849	4,475	-	-	8,324	-
Net pension liability	390,599	381,043	-	-	771,642	-
Total OPEB liability	23,149	15,712	-	-	38,861	-
Total long-term liabilities	417,597	401,230	-	-	818,827	-
TOTAL LIABILITIES	452,949	404,395	-	-	857,344	-
DEFERRED INFLOWS OF RESOURCES						
Pension related deferred inflows	13,606	13,273	-	-	26,879	-
OPEB related deferred inflows	847	575	-	-	1,422	-
TOTAL DEFERRED INFLOWS OF RESOURCES	14,453	13,848	-	-	28,301	-
NET POSITION						
Net investment in capital assets	175,092	2,138	-	-	177,230	-
Unrestricted	360,883	(218,464)	232	4,849	147,500	1,697,196
TOTAL NET POSITION	\$ 535,975	(216,326)	232	4,849	324,730	1,697,196

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	School Nutrition	Day Care	Marketing Class	Culinary Class	Total	
OPERATING REVENUES:						
Local sources:						
Charges for service	\$ 705,666	457,050	-	2,450	1,165,166	-
Miscellaneous	2,857	3,299	-	-	6,156	2,112,682
TOTAL OPERATING REVENUES	708,523	460,349	-	2,450	1,171,322	2,112,682
OPERATING EXPENSES:						
Support services:						
Administration:						
Services	-	-	-	-	-	1,958,493
Operation and maintenance of plant:						
Services	-	129	-	-	129	-
Supplies	-	23,368	-	-	23,368	-
Total support services	-	23,497	-	-	23,497	1,958,493
Non-instructional programs:						
Food service operations:						
Salaries	458,035	-	-	-	458,035	-
Benefits	123,982	-	-	-	123,982	-
Services	1,859	-	-	-	1,859	-
Supplies	628,638	49,606	-	-	678,244	-
Other	1,207	-	-	-	1,207	-
Depreciation	39,540	-	-	-	39,540	-
	1,253,261	49,606	-	-	1,302,867	-
Other enterprise operations:						
Benefits	-	-	-	-	-	45,273
Supplies	-	-	-	2,127	2,127	-
	-	-	-	2,127	2,127	45,273
Community service operations:						
Salaries	-	405,765	-	-	405,765	-
Benefits	-	116,580	-	-	116,580	-
Supplies	-	9,207	-	-	9,207	-
Depreciation	-	378	-	-	378	-
	-	531,930	-	-	531,930	-
Total non-instructional programs	1,253,261	581,536	-	2,127	1,836,924	45,273
TOTAL OPERATING EXPENSES	1,253,261	605,033	-	2,127	1,860,421	2,003,766
OPERATING INCOME(LOSS)	(544,738)	(144,684)	-	323	(689,099)	108,916
NON-OPERATING REVENUES(EXPENSES):						
State sources	8,981	-	-	-	8,981	-
Federal sources	627,179	123,959	-	-	751,138	-
Interest on investments	309	287	-	-	596	11,903
Loss on asset disposal	(206)	-	-	-	(206)	-
TOTAL NON-OPERATING REVENUES(EXPENSES)	636,263	124,246	-	-	760,509	11,903
Change in net position	91,525	(20,438)	-	323	71,410	120,819
Net position beginning of year, as restated	444,450	(195,888)	232	4,526	253,320	1,576,377
Net position end of year	\$ 535,975	(216,326)	232	4,849	324,730	1,697,196

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	School Nutrition	Day Care	Marketing Class	Culinary Class	Total	
Cash flows from operating activities:						
Cash received from operating activities	\$ 702,752	457,050	-	-	1,159,802	-
Cash received from miscellaneous operating activities	2,857	3,299	-	2,450	8,606	2,112,682
Cash payments to employees for services	(584,363)	(503,684)	-	-	(1,088,047)	(45,273)
Cash payments to suppliers for goods or services	(544,707)	(92,318)	-	(2,127)	(639,152)	(1,958,493)
Net cash provided by(used in) operating activities	(423,461)	(135,653)	-	323	(558,791)	108,916
Cash flows from non-capital financing activities:						
State grants received	8,981	-	-	-	8,981	-
Federal grants received	538,648	124,459	-	-	663,107	-
Net cash provided by non-capital financing activities	547,629	124,459	-	-	672,088	-
Cash flows from capital and related financing activities:						
Purchase of capital assets	(25,060)	-	-	-	(25,060)	-
Cash flows from investing activities:						
Interest on investments	309	287	-	-	596	11,903
Net increase(decrease) in cash and pooled investments	99,417	(10,907)	-	323	88,833	120,819
Cash and pooled investments beginning of year	560,405	104,869	232	4,526	670,032	1,576,377
Cash and pooled investments end of year	\$ 659,822	93,962	232	4,849	758,865	1,697,196
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:						
Operating income(loss)	\$ (544,738)	(144,684)	-	323	(689,099)	108,916
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:						
Commodities consumed	87,698	-	-	-	87,698	-
Depreciation	39,540	378	-	-	39,918	-
Increase in inventories	(7,785)	-	-	-	(7,785)	-
Increase in accounts receivable	(1,724)	-	-	-	(1,724)	-
Increase(Decrease) in accounts payable	7,084	(10,008)	-	-	(2,924)	-
(Decrease)Increase in compensated absences	(727)	556	-	-	(171)	-
Increase in total OPEB liability	1,513	1,027	-	-	2,540	-
Decrease in unearned revenue	(1,190)	-	-	-	(1,190)	-
Increase in net pension liability	13,379	52,303	-	-	65,682	-
Increase in deferred outflows of resources	(21,109)	(40,557)	-	-	(61,666)	-
Increase in deferred inflows of resources	4,598	5,332	-	-	9,930	-
Net cash provided by(used in) operating activities	\$ (423,461)	(135,653)	-	323	(558,791)	108,916

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2018, the District received Federal commodities valued at \$87,698.

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies

Glenwood Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and technical and recreational courses. The geographic area served includes the City of Glenwood, Iowa, and the predominate agricultural territory in Pottawattamie and Mills 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 Government Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Glenwood 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 Glenwood Community School District has no component units which meet the Governmental Accounting Standards Board Criteria.

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

B. Basis of Presentation

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

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

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

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

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

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

The District reports the following major governmental funds:

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

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

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

The District also reports the following nonmajor proprietary funds:

The School Nutrition Fund is used to account for the food service operations of the District. The Day Care Fund is used to account for child care services provided by the District. The Marketing and Culinary class funds are used to account for the items sold from these classes.

Additional proprietary funds reported by the District are as follows:

The Internal Service Funds are used to account for the District's flex benefit and partially self-funded insurance programs.

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 measureable and available only when cash is received by the District.

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

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets 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.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

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 amortized cost.

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

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

Property tax revenue 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 taxes receivable represents unpaid taxes from 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 Board of Education 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 becomes 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, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and

reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2017.

Due from Other Governments - Due from other governments represents the 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 governmental 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, 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	\$ 2,500
Buildings	2,500
Land improvements	2,500
Intangibles	150,000
Machinery and equipment:	
Enterprise fund equipment	500
Other machinery and equipment	2,500

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	5-12 years
Machinery and equipment	5-12 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future year(s) and 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 payroll taxes and benefits for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the Statement of Net Position and will be paid in the future out of the General Fund. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2018. The compensated absences liability attributable to the governmental activities will be primarily paid by the General Fund and the liability attributable to the business type activities will be primarily paid by the School Nutrition and Day Care Funds.

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

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

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

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to future year(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collectible 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 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 consist of property tax receivable and other receivables not collected within sixty days after year end.

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

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

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 imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2018, expenditures in the non-instructional programs and other expenditures function exceeded the amounts budgeted.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2018 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 insure there will be no loss of

public funds.

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

At June 30, 2018, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$13,444,705 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There was no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated by AAAM by Standard & Poor's Financial Services.

Note 3. Capital Assets

Capital assets activity for the year ended June 30, 2018 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 876,121	-	-	876,121
Construction in progress	-	149,775	-	149,775
Total capital assets not being depreciated	<u>876,121</u>	<u>149,775</u>	<u>-</u>	<u>1,025,896</u>
Capital assets being depreciated:				
Buildings	43,397,188	-	-	43,397,188
Land improvements	1,006,362	-	-	1,006,362
Machinery and equipment	4,328,054	377,275	227,341	4,477,988
Total capital assets being depreciated	<u>48,731,604</u>	<u>377,275</u>	<u>227,341</u>	<u>48,881,538</u>
Less accumulated depreciation for:				
Buildings	10,775,575	841,022	-	11,616,597
Land improvements	451,528	38,627	-	490,155
Machinery and equipment	3,821,550	204,801	227,341	3,799,010
Total accumulated depreciation	<u>15,048,653</u>	<u>1,084,450</u>	<u>227,341</u>	<u>15,905,762</u>
Total capital assets being depreciated, net	<u>33,682,951</u>	<u>(707,175)</u>	<u>-</u>	<u>32,975,776</u>
Governmental activities capital assets, net	<u>\$ 34,559,072</u>	<u>(557,400)</u>	<u>-</u>	<u>34,001,672</u>
Business type activities:				
Machinery and equipment	\$ 684,988	25,059	10,195	699,852
Less accumulated depreciation	492,693	39,918	9,989	522,622
Business type activities capital assets, net	<u>\$ 192,295</u>	<u>(14,859)</u>	<u>206</u>	<u>177,230</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 31,144
Other	2,398
Support services:	
Instructional staff	5,599
Administration	15,913
Operation and maintenance of plant	8,477
Transportation	<u>141,270</u>
	204,801
Unallocated depreciation	<u>879,649</u>
Total governmental activities depreciation expense	<u>\$ 1,084,450</u>
Business type activities:	
Food service operations	\$ 39,540
Community service operations	378
Total business type activities depreciation expense	<u>\$ 39,918</u>

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2018 are summarized as follows:

	Balance Beginning of Year, as restated	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 13,615,000	-	1,295,000	12,320,000	1,320,000
Revenue bonds	2,980,000	1,601,000	204,000	4,377,000	327,000
Capital loan note	-	4,285,000	-	4,285,000	360,000
Compensated absences	70,950	-	4,737	66,213	66,213
Net pension liability	10,692,214	481,062	-	11,173,276	-
Total OPEB liability	942,672	65,937	-	1,008,609	-
Total	\$ 28,300,836	6,432,999	1,503,737	33,230,098	2,073,213
Business type activities:					
Compensated absences	\$ 8,495	556	727	8,324	8,324
Net pension liability	705,960	65,682	-	771,642	-
Total OPEB liability	36,321	2,540	-	38,861	-
Total	\$ 750,776	68,778	727	818,827	8,324

General Obligation Bonds

Details of the Districts June 30, 2018 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Crossover Refunding Bond Issue of March 1, 2012			Crossover Refunding Bond Issue of January 5, 2015			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2019	1.00-1.10 %	\$ 755,000	116,242	2.00 %	\$ 565,000	172,700	\$ 1,320,000	288,942	1,608,942
2020	1.20-1.30	765,000	106,393	2.00	580,000	161,400	1,345,000	267,793	1,612,793
2021	1.40-1.50	780,000	94,838	3.00	595,000	144,000	1,375,000	238,838	1,613,838
2022	1.60-1.70	800,000	81,488	3.00	610,000	126,150	1,410,000	207,638	1,617,638
2023	1.80-1.90	800,000	66,287	3.00	625,000	107,850	1,425,000	174,137	1,599,137
2024-2027	2.00-2.30	2,475,000	97,432	3.00	2,970,000	237,600	5,445,000	335,032	5,780,032
Total		\$6,375,000	562,680		\$5,945,000	949,700	\$12,320,000	1,512,380	13,832,380

Revenue Bonds

Details of the District's June 30, 2018 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of February 24, 2014				Bond Issue of April 19, 2018				Total		
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total	Principal	Interest	Total
2019	2.92 %	\$ 210,000	81,059	291,059	2.79 %	\$ 117,000	53,601	170,601	\$ 327,000	134,660	461,660
2020	2.92	216,000	74,928	290,928	2.79	131,000	41,404	172,404	347,000	116,332	463,332
2021	2.92	222,000	68,620	290,620	2.79	134,000	37,749	171,749	356,000	106,369	462,369
2022	2.92	229,000	62,138	291,138	2.79	138,000	34,010	172,010	367,000	96,148	463,148
2023	2.92	235,000	55,451	290,451	2.79	142,000	30,160	172,160	377,000	85,611	462,611
2024-2028	2.92	1,284,000	170,147	1,454,147	2.79	772,000	89,113	861,113	2,056,000	259,260	2,315,260
2029-2030	2.92	380,000	12,556	392,556	2.79	167,000	4,659	171,659	547,000	17,215	564,215
Total		\$2,776,000	524,899	3,300,899		\$1,601,000	290,696	1,891,696	\$4,377,000	815,595	5,192,595

The District pledged future statewide sales, services and use tax revenues to repay the \$5,159,000 of bonds dated February 24, 2014 and April 19, 2018. The bonds were issued for the purpose of construction of a new high school auxiliary gymnasium and locker room. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 16% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$5,192,595. For the current year, \$204,000 of principal and \$87,016 of interest were paid on the bonds and total statewide sales, services and use tax revenues were \$1,823,199.

- a) The District makes monthly transfers to a debt sinking account held by the District's bond paying agent.
- b) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- c) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Capital Loan Note

Details of the District's June 30, 2018 general obligation capital loan note indebtedness are as follows:

Year Ending June 30,	Capital Loan Note of April 19, 2018				
	Interest Rates	Principal	Interest	Total	
2019	3.00 %	\$ 360,000	143,548	503,548	
2020	3.00	385,000	117,750	502,750	
2021	3.00	400,000	106,200	506,200	
2022	3.00	410,000	94,200	504,200	
2023	3.00	420,000	81,900	501,900	
2024-2028	3.00	2,310,000	211,950	2,521,950	
Total		<u>\$4,285,000</u>	<u>755,548</u>	<u>5,040,548</u>	

Note 5. Due From and Due To Other Funds

The detail of interfund receivables and payables at June 30, 2018 is as follows:

Receivable Fund	Payable Fund	Amount
General	School Nutrition	<u>\$ 6,142</u>

The School Nutrition Fund is repaying the General Fund for salaries and benefits paid by the General Fund but not yet reimbursed from prior fiscal years.

Note 6. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2018 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 613,546</u>

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 bond indebtedness.

Note 7. Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by 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 - 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 that 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 that 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 that 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 2018, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the District contributed 8.93% of covered payroll for a total rate of 14.88%.

The District's contributions to IPERS for the year ended June 30, 2018 were \$1,213,561.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2018, the District reported a liability of \$11,944,918 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the District's proportion was 0.179319%, which was a decrease of 0.001797% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$1,390,753. At June 30, 2018, 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	\$ 109,666	103,494
Changes of assumptions	2,075,476	-
Net difference between projected and actual earnings on IPERS' investments	-	124,760
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	-	187,830
District contributions subsequent to the measurement date	1,213,561	-
Total	<u>\$ 3,398,703</u>	<u>416,084</u>

\$1,213,561 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, 2019. 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
2019	\$ 215,334
2020	867,648
2021	510,121
2022	40,080
2023	135,875
Total	<u>\$ 1,769,058</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2017 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, 2017 valuation were based on the results of an actuarial experience study dated March 24, 2017.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	100%	

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 that employee contributions will be made at the contractually required rate and that 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.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$ 19,680,432	11,944,918	5,445,599

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, 2018, the District reported payables to IPERS of \$135,467 for legally required employer contributions and \$90,261 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

Note 8. Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Active employees	<u>146</u>
Total	<u><u>153</u></u>

Total OPEB Liability - The District's total OPEB liability of \$1,047,470 at June 30, 2018 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.75% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2017)	3.56% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2017)	6.80% initial rate decreasing by varying amounts to an ultimate rate of 4.40%

Discount Rate - The discount rate used to measure the total OPEB liability was 3.56% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2000 annuitant generational mortality projected fully generational with scale AA, applied on gender specific basis. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year, as restated	\$ 978,993
Changes for the year:	
Service cost	86,344
Interest	31,031
Changes in assumptions	(43,602)
Benefit payments	<u>(5,296)</u>
Net changes	<u>68,477</u>
Total OPEB liability end of year	<u>\$ 1,047,470</u>

Changes of assumptions reflect a change in the discount rate from 2.92% at June 30, 2016 to 3.56% at the June 30, 2017 measurement date used for the reporting date of June 30, 2018.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.56%) or 1% higher (4.56%) than the current discount rate.

	<u>1% Decrease (2.56%)</u>	<u>Discount Rate (3.56%)</u>	<u>1% Increase (4.56%)</u>
Total OPEB liability	\$ 1,116,233	1,047,470	982,412

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.80%) or 1% higher (7.80%) than the current healthcare cost trend rates.

	<u>1% Decrease (5.80%)</u>	<u>Healthcare Cost Trend Rate (6.80%)</u>	<u>1% Increase (7.80%)</u>
Total OPEB liability	\$ 949,094	1,047,470	1,162,349

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended June 30, 2018, the District recognized OPEB expenses of \$112,083. At June 30, 2018, the District reported deferred outflows/inflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ -	38,310
Contributions between measurement date and reporting date	45,906	-
Total	<u>\$ 45,906</u>	<u>38,310</u>

\$45,906 reported as deferred outflows of resources related to OPEB resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	Amount
2019	\$ (5,292)
2020	(5,292)
2021	(5,292)
2022	(5,292)
2023	(5,292)
Thereafter	<u>(11,850)</u>
Total	<u><u>(38,310)</u></u>

Note 9. Risk Management

The District is a member of the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E Organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical, dental, and vision.

The District's contributions, which included deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2018 were \$1,596,052.

Members agree to continue membership in the pool for a period of not less than one full year. After such a period, a member who has given 30 days prior written notice may withdraw.

Glenwood 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.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$850,798 for the year ended June 30, 2018 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Construction Commitment

The District has entered into a contract for a school infrastructure project which includes an activity complex. As of June 30, 2018, costs of \$149,755 had been incurred against the contract. The balances remaining on the contract at June 30, 2018 will be paid as work on the project progresses.

Note 12. Tax Abatements

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

Tax Abatements of Other Entities

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2018 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Glenwood	Urban Renewal and economic development projects	\$ 79,187
Mills County	Urban Renewal and economic development projects	208,799

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, 2018, this reimbursement amounted to \$146,240.

Note 13. Categorical Funding

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

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2018.

Program	Amount
Weighted Limited English Proficient (LEP)	\$ 4,398
Weighted at-risk programs	71,161
Gifted and talented programs	266,322
Returning dropouts and dropout prevention	43,092
Teacher leadership state aid	176,952
Beginning teacher mentoring and induction	5,105
Teacher salary supplement	50,123
Iowa early intervention block grant	96,956
Successful progression for early readers	105,472
Professional development for model core curriculum	109,585
Professional development	136,824
Market factor incentives	5,585
Teacher leadership grants	28,718
Total	<u>\$ 1,100,293</u>

Note 14. Reconciliation of Governmental Fund Balances to the Statement of Net Position

Reconciliation of the governmental fund Balance Sheet to the Statement of Net Position is as follows:

	Net investment in Capital Assets	School Infrastructure	Physical Plant and Equipment	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	4,805,959	4,323,668	456,136	3,341,847
Capital assets, net of accumulated depreciation	34,001,672	-	-	-	-
General obligation bond capitalized indebtedness	(12,320,000)	-	-	-	-
Revenue bond capitalized indebtedness	(2,776,000)	-	-	-	-
Unspent revenue bond proceeds	-	(1,601,000)	-	-	-
Capital loan note indebtedness	(149,775)	-	-	-	-
Unspent capital loan note proceeds	-	-	(4,135,225)	-	-
Accrued interest payable	-	-	-	(53,000)	-
Income surtax	-	-	-	-	513,471
Internal service fund	-	-	-	-	1,697,196
Compensated absences	-	-	-	-	(66,213)
Net pension liability	-	-	-	-	(11,173,276)
Pension related deferred outflows	-	-	-	-	3,182,666
Pension related deferred inflows	-	-	-	-	(389,205)
Total OPEB liability	-	-	-	-	(1,008,609)
OPEB related deferred outflows	-	-	-	-	44,202
OPEB related deferred inflows	-	-	-	-	(36,888)
Net position (Exhibit A)	\$ 18,755,897	3,204,959	188,443	403,136	(3,894,809)

Note 15. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional not disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental activities and business type activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	Governmental Activities	Business Type Activities:				
		School Nutrition	Day Care	Marketing Class	Culinary Class	Total
Net position June 30, 2017, as previously reported	\$ 20,244,259	448,356	(191,081)	232	4,526	262,033
OPEB obligation measured under previous standards	816,692	17,730	9,878	-	-	27,608
Total OPEB liability at June 30, 2017	(942,672)	(21,636)	(14,685)	-	-	(36,321)
Net position July 1, 2017, as restated	\$ 20,118,279	444,450	(195,888)	232	4,526	253,320

Note 16. Budget Overexpenditure

Per Code of Iowa, expenditures may not exceed budgeted appropriations at the function level. During the year ended June 30, 2018, District expenditures in the non-instructional programs and other expenditures functions exceeded the amounts budgeted.

Required Supplementary Information

GLENWOOD COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2018

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Funds Actual		Original	Final	
Revenues:						
Local sources	\$ 10,688,508	1,171,918	11,860,426	11,431,270	11,431,270	429,156
State sources	14,497,169	8,981	14,506,150	14,858,420	14,858,420	(352,270)
Federal sources	492,089	751,138	1,243,227	1,248,000	1,248,000	(4,773)
Total revenues	<u>25,677,766</u>	<u>1,932,037</u>	<u>27,609,803</u>	<u>27,537,690</u>	<u>27,537,690</u>	<u>72,113</u>
Expenditures/Expenses:						
Instruction	14,759,361	-	14,759,361	15,489,255	15,489,255	729,894
Support services	8,108,074	23,497	8,131,571	8,723,535	8,723,535	591,964
Non-instructional programs	18,834	1,836,924	1,855,758	1,920,000	865,000	(990,758)
Other expenditures	2,912,546	-	2,912,546	2,910,165	2,910,165	(2,381)
Total expenditures/expenses	<u>25,798,815</u>	<u>1,860,421</u>	<u>27,659,236</u>	<u>29,042,955</u>	<u>27,987,955</u>	<u>328,719</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(121,049)	71,616	(49,433)	(1,505,265)	(450,265)	400,832
Other financing sources, net	<u>5,947,893</u>	<u>(206)</u>	<u>5,947,687</u>	-	-	<u>5,947,687</u>
Excess(Deficiency) of revenues and other financing sources(uses)	5,826,844	71,410	5,898,254	(1,505,265)	(450,265)	6,348,519
Balances beginning of year, as restated	<u>9,326,674</u>	<u>253,320</u>	<u>9,579,994</u>	<u>16,394,101</u>	<u>16,394,101</u>	<u>(6,814,107)</u>
Balances end of year	<u>\$ 15,153,518</u>	<u>324,730</u>	<u>15,478,248</u>	<u>14,888,836</u>	<u>15,943,836</u>	<u>(465,588)</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2018

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures 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, decreasing budgeted expenditures by \$1,055,000.

During the year ended June 30, 2018, expenditures in the non-instructional programs and other expenditures functions exceeded the amounts budgeted.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST FOUR YEARS*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION

	2018	2017	2016	2015
District's proportion of the net pension liability	0.179319%	0.181116%	0.185006%	0.188997%
District's proportionate share of the net pension liability	\$ 11,945	11,398	9,140	7,495
District's covered payroll	\$ 13,379	12,998	12,680	12,385
District's proportionate share of the net pension liability as a percentage of its covered payroll	89.28%	87.69%	72.08%	60.52%
IPERS' net position as a percentage of the total pension liability	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.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN YEARS
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Statutorily required contribution	\$ 1,214	1,017	1,161	1,132	1,106	1,055	983	829	783	752
Contributions in relation to the statutorily required contribution	(1,214)	(1,017)	(1,161)	(1,132)	(1,106)	(1,055)	(983)	(829)	(783)	(752)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 13,589	13,379	12,998	12,680	12,385	12,168	12,181	11,928	11,774	11,843
Contributions as a percentage of covered payroll	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2018

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Changes of assumptions:

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 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.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
FOR THE CURRENT YEAR
REQUIRED SUPPLEMENTARY INFORMATION

	2018
Service cost	\$ 86,344
Interest cost	31,031
Changes in assumptions	(43,602)
Benefit payments	(5,296)
Net change in total OPEB liability	68,477
Total OPEB liability beginning of year, as restated	978,993
Total OPEB liability end of year	\$ 1,047,470
Covered-employee payroll	\$ 7,859,667
Total OPEB liability as a percentage of covered-employee payroll	13.33%

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.

Reporting period ended June 30, 2018	3.56%
Reporting period ended June 30, 2017	2.92%

Glenwood Community School District

Supplementary Information

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

	Special Revenue		
	Management Levy	Student Activity	Total
ASSETS			
Cash and pooled investments	\$ 969,655	162,823	1,132,478
Receivables:			
Property tax:			
Delinquent	936	-	936
Succeeding year	500,001	-	500,001
Accounts	-	3,208	3,208
TOTAL ASSETS	\$ 1,470,592	166,031	1,636,623
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	11,007	11,007
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	500,001	-	500,001
Fund balances:			
Restricted for:			
Management levy purposes	970,591	-	970,591
Student activities	-	155,024	155,024
Total fund balances	970,591	155,024	1,125,615
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,470,592	166,031	1,636,623

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2018

	Special Revenue		
	Management Levy	Student Activity	Total
REVENUES:			
Local sources:			
Local tax	\$ 149,944	-	149,944
Other	41,729	527,138	568,867
State sources	1,638	-	1,638
Total revenues	193,311	527,138	720,449
EXPENDITURES:			
Current:			
Instruction:			
Other	-	563,286	563,286
Support services:			
Administration	218,109	-	218,109
Operation and maintenance of plant	348,099	1,789	349,888
Transportation	38,438	-	38,438
Total expenditures	604,646	565,075	1,169,721
Change in fund balances	(411,335)	(37,937)	(449,272)
Fund balances beginning of year	1,381,926	192,961	1,574,887
Fund balances end of year	\$ 970,591	155,024	1,125,615

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUND ACCOUNTS
 JUNE 30, 2018

	Capital Projects Fund		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 4,659,884	4,322,526	8,982,410
Receivables:			
Delinquent	-	1,142	1,142
Succeeding year	-	700,094	700,094
Due from other governments	154,399	-	154,399
TOTAL ASSETS	\$ 4,814,283	5,023,762	9,838,045
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 8,324	-	8,324
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	700,094	700,094
Fund balances:			
Restricted for:			
School infrastructure	4,805,959	-	4,805,959
Physical plant and equipment	-	4,323,668	4,323,668
Total fund balances	4,805,959	4,323,668	9,129,627
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,814,283	5,023,762	9,838,045

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUND ACCOUNTS
 YEAR ENDED JUNE 30, 2018

	Capital Project Fund		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ -	191,224	191,224
Other	23,092	13,792	36,884
State sources	1,823,199	2,000	1,825,199
TOTAL REVENUES	1,846,291	207,016	2,053,307
EXPENDITURES:			
Current:			
Instruction:			
Regular	276,316	-	276,316
Support services:			
Instructional staff	29,073	-	29,073
Administration	235,153	201,287	436,440
Operation and maintenance of plant	-	1,571	1,571
Transportation	-	313,611	313,611
Capital outlay	158,670	8,850	167,520
TOTAL EXPENDITURES	699,212	525,319	1,224,531
Excess(Deficiency) of revenues over(under) expenditures	1,147,079	(318,303)	828,776
OTHER FINANCING SOURCES(USES):			
Transfers out	(613,546)	-	(613,546)
Revenue bond issuance	1,601,000	-	1,601,000
Discount on bond issuance	(19,212)	-	(19,212)
Capital loan note issuance proceeds	-	4,285,000	4,285,000
Discount on capital loan note issuance	-	(44,993)	(44,993)
Premiums on capital loan note issuance	-	126,098	126,098
TOTAL OTHER FINANCING SOURCES(USES)	968,242	4,366,105	5,334,347
Change in fund balances	2,115,321	4,047,802	6,163,123
Fund balances beginning of year	2,690,638	275,866	2,966,504
Fund balances end of year	\$ 4,805,959	4,323,668	9,129,627

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2018

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Talent Show MS	\$ 2,707	225	-	-	2,932
Theatre HS	6,134	1,585	1,619	-	6,100
Drama Club MS	2,339	731	1,224	-	1,846
Speech HS	551	1,200	1,667	-	84
Music MS	2,044	-	-	-	2,044
Vocal Music HS	5,895	6,014	6,330	-	5,579
Show Choir MS	480	10	-	-	490
Show Choir	-	2,100	2,049	-	51
Band MS	-	8,085	7,238	-	847
Band/Vocal Trip	33,998	121,762	124,901	-	30,859
SW Iowa Honor Band	159	25	-	-	184
Band HS	3,226	20,760	21,961	-	2,025
Cross County - Boys	-	2,246	2,200	-	46
Cross County - Girls	-	2,300	2,300	-	-
Cheerleading	11,510	-	92	(5,588)	5,830
Dance Team	138	197	335	-	-
Basketball - Boys	4	39,065	39,205	136	-
Football	-	51,675	51,675	-	-
Soccer - Boys	-	5,358	9,246	4,513	625
Baseball	-	9,667	15,981	6,314	-
Track - Boys	82	14,248	21,220	7,228	338
Tennis - Boys	1	1,671	1,672	-	-
Golf - Boys	-	100	1,394	1,294	-
Wrestling	-	11,768	11,768	-	-
Basketball - Girls	-	8,756	8,730	-	26
Volleyball	27	11,430	11,457	-	-
Soccer - Girls	-	6,263	6,263	-	-
Softball	-	4,016	10,685	6,669	-
Track - Girls	12	17,213	17,037	-	188
Tennis - Girls	-	773	773	-	-
Golf - Girls	-	1,987	1,987	-	-
Athletics	42,247	17,785	30,197	(25,454)	4,381
Annual HS	8,899	6,066	9,214	-	5,751
Annual MS	3,793	2,032	2,828	-	2,997
Art Club HS	310	-	32	-	278
HS Newspaper	2,310	455	1,025	-	1,740
Debate Team	73	-	-	-	73
Black and Gold	7,153	4,247	3,324	-	8,076
HS Gamers Club	349	-	-	-	349
Restricted Fund Balance	-	400	-	-	400
Class of 2018	4,868	673	640	(4,901)	-
Class of 2019	-	10,247	6,548	4,901	8,600
FFA	4,761	8,966	11,695	-	2,032
Flag CORPS	-	1,120	884	-	236
Spanish Club	813	-	-	-	813

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Account	Balance End of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Business Club	-	2,053	1,485	-	568
FCCLA	9,870	29,340	36,014	-	3,196
SADD	1,805	4,089	4,291	-	1,603
Ramily	839	5,278	2,376	-	3,741
Builders Club	1,386	2,968	2,517	-	1,837
HS Vocal Fundraiser	3,628	6,643	3,670	-	6,601
HS Band Fundraiser	2,021	19,202	8,942	-	12,281
Student Council MS	2,208	3,165	2,746	-	2,627
Media Book Club	571	-	-	-	571
Key Club	80	-	-	-	80
Student Council HS	1,771	3,179	2,645	-	2,305
NHS	235	-	70	-	165
Trap Club	9,796	12,511	16,640	-	5,667
Cross County Boys Fundraiser	1,527	7,924	4,922	-	4,529
Bowling Fundraiser	112	-	-	-	112
Cheerleading Fundraiser	3,927	16,961	22,756	5,588	3,720
Dance Team Fundraiser	2,086	5,936	7,748	-	274
Basketball Boys Fundraiser	414	250	161	-	503
Football Fundraiser	383	376	239	-	520
Track Boys Fundraiser	1,330	-	-	(700)	630
Wrestling Fundraiser	135	-	47	-	88
Basketball Girls Fundraiser	388	-	350	-	38
Volleyball Fundraiser	829	775	60	-	1,544
Softball Fundraiser	2,736	2,317	-	-	5,053
Track Girls Fundraiser	1	950	-	-	951
Total	\$ 192,961	527,138	565,075	-	155,024

GLENWOOD COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2018

	Governmental Activities - Internal Service Funds		
	Partially Self-funded Health Insurance	Flex Benefit	Total
ASSETS			
Cash and pooled investments	\$ 1,691,322	5,874	1,697,196
LIABILITIES	-	-	-
NET POSITION			
Unrestricted	\$ 1,691,322	5,874	1,697,196

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Funds		
	Partially Self-funded Health Insurance	Flex Benefit	Total
OPERATING REVENUES:			
Local sources:			
Miscellaneous	\$ 2,075,502	37,180	2,112,682
OPERATING EXPENSES:			
Support services:			
Administration:			
Services	1,958,493	-	1,958,493
Non-instructional programs:			
Other enterprise operations:			
Benefits	-	45,273	45,273
TOTAL OPERATING EXPENSES	<u>1,958,493</u>	<u>45,273</u>	<u>2,003,766</u>
OPERATING INCOME(LOSS)	117,009	(8,093)	108,916
NON-OPERATING REVENUES:			
Interest on investments	11,903	-	11,903
Change in net position	128,912	(8,093)	120,819
Net position beginning of year	1,562,410	13,967	1,576,377
Net position end of year	<u>\$ 1,691,322</u>	<u>5,874</u>	<u>1,697,196</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF CASH FLOWS
YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Funds		
	Partially Self-funded Health Insurance	Flex Benefit	Total
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 2,075,502	37,180	2,112,682
Cash payments to employees for services	-	(45,273)	(45,273)
Cash payments to suppliers for goods or services	(1,958,493)	-	(1,958,493)
Net cash provided by(used in) operating activities	<u>117,009</u>	<u>(8,093)</u>	<u>108,916</u>
Cash flows from investing activities:			
Interest on investments	<u>11,903</u>	-	<u>11,903</u>
Net increase(decrease) in cash and pooled investments	128,912	(8,093)	120,819
Cash and pooled investments beginning of year	<u>1,562,410</u>	<u>13,967</u>	<u>1,576,377</u>
Cash and pooled investments end of year	<u>\$ 1,691,322</u>	<u>5,874</u>	<u>1,697,196</u>
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:			
Operating income(loss)	\$ 117,009	(8,093)	108,916
Net cash provided by(used in) operating activities	<u>\$ 117,009</u>	<u>(8,093)</u>	<u>108,916</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Local sources:										
Local tax	\$ 8,256,247	7,926,086	8,159,448	8,418,776	8,348,356	9,688,508	8,546,977	8,611,157	7,944,706	7,649,838
Tuition	1,535,550	1,023,481	909,599	1,203,001	1,475,584	1,164,015	1,249,364	1,257,704	1,220,846	1,449,357
Other	896,711	791,133	689,986	566,029	927,101	700,256	840,434	885,810	1,300,061	1,113,740
Intermediate sources	-	-	-	-	-	-	-	-	-	800
State sources	14,497,169	14,895,574	14,303,077	13,414,257	13,776,184	12,366,256	12,850,707	12,057,887	10,661,819	11,763,418
Federal sources	492,089	723,700	559,898	534,702	535,023	660,334	722,896	848,964	1,611,897	643,223
Total	\$ 25,677,766	25,359,974	24,622,008	24,136,765	25,062,248	24,579,369	24,210,378	23,661,522	22,739,329	22,620,376
Expenditures:										
Instruction:										
Regular	\$ 9,081,054	8,863,573	8,992,352	9,039,632	9,041,308	8,594,088	7,906,550	7,860,307	8,977,240	8,423,213
Special	3,139,036	2,836,078	2,979,909	3,436,470	3,219,688	3,085,550	3,054,927	3,161,016	2,415,897	2,336,725
Other	2,539,271	2,488,734	2,463,802	2,410,629	2,474,102	2,352,269	2,097,379	2,033,966	2,128,820	2,046,901
Support services:										
Student	649,739	626,581	704,981	689,691	662,303	638,268	643,567	598,761	547,965	519,312
Instructional staff	1,376,158	1,493,658	1,349,286	819,466	689,309	604,242	818,477	1,203,002	715,612	395,714
Administration	2,979,992	2,793,710	2,576,176	2,557,548	2,534,067	2,335,896	2,266,390	2,090,402	2,088,276	2,082,389
Operation and maintenance of plant	1,955,485	1,700,861	1,594,065	1,681,360	1,691,498	1,670,800	1,552,396	1,550,565	1,533,033	1,385,545
Transportation	1,145,200	895,957	1,130,795	983,413	968,875	1,160,136	1,134,770	1,012,038	872,975	875,816
Non-instructional programs	18,834	162	13,641	19,582	-	-	-	-	-	15,783
Capital outlay	167,520	461,502	1,335,018	3,039,369	1,437,305	625,326	759,783	1,506,734	3,769,408	9,183,106
Long-term debt:										
Principal	1,499,000	2,338,000	7,333,000	9,307,000	960,000	920,000	890,000	860,000	830,000	745,000
Interest and fiscal charges	396,728	464,388	731,084	1,028,771	848,877	884,436	806,132	818,129	857,701	817,501
Other expenditures:										
AEA flow-through	850,798	838,231	820,715	806,984	805,200	781,351	785,838	849,426	833,393	739,912
Total	\$ 25,798,815	25,801,435	32,024,824	35,819,915	25,332,532	23,652,362	22,716,209	23,544,346	25,570,320	29,566,917

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

GRANTOR/PROGRAM	CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 18	\$ 92,781
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 18	476,900 *
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 18	57,498
			<u>627,179</u>
CHILD AND ADULT CARE FOOD PROGRAM	10.558	FY 18	<u>24,998</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 18	<u>228,415</u>
SPECIAL EDUCATION- STATE PERSONEL DEVELOPMENT	84.323	FY 18	<u>4,488</u>
SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367	FY 18	<u>46,600</u>
GREEN HILLS AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 18	<u>91,506</u>
CAREER AND TECHNICAL - BASIC GRANTS TO STATES	84.048	FY 18	<u>8,660</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
IOWA DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	FY 18	<u>1,888</u>
CHILD CARE DEVELOPMENT BLOCK GRANTS	93.575	FY 18	<u>1,450</u>
CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND	93.596	FY 18	<u>95,623</u>
TOTAL			<u>\$ 1,130,807</u>

* - Includes \$87,698 of non-cash awards.

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards(Schedule) includes the federal award activity of Glenwood Community School District under programs of the federal government for the year ended June 30, 2018. 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 selected portion of the operations of Glenwood Community School District, it is not intended to and does not represent the financial position, changes in financial position or cash flows of Glenwood 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, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Indirect Cost Rate - Glenwood Community School District did not elect to use the 10% de minimums indirect cost rate as allowed under the Uniform Guidance

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
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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 Glenwood Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Glenwood Community School District as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 26, 2019.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-18 to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Glenwood Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters 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, 2018 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.

Glenwood Community School District's Responses to Findings

Glenwood Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Glenwood 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 controls and compliance and the result 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 Glenwood 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 26, 2019
Newton, Iowa

NOLTE, CORNMAN & JOHNSON P.C.
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(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 Glenwood Community School District:

Report on Compliance for Each Major Federal Program

We have audited Glenwood 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, 2018. Glenwood 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 Glenwood 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 Glenwood 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 major federal program. However, our audit does not provide a legal determination on Glenwood Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Glenwood Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Glenwood 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 Glenwood Community School District's internal control over compliance with requirements with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are 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 Glenwood Community School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Glenwood 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item III-A-18 (2018-001), that we consider to be a material weakness.

Glenwood Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Glenwood Community School District's response was not subjected to the auditing 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 controls 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 26, 2019
Newton, Iowa

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

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 were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness in internal control over the 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 audit findings which were 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) Glenwood Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-18 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 or 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 - We noted one individual has control over one or more of the following areas for the District:

- 1) Cash - handling and recording cash, positing, and reconciling.
- 2) Investments - detailed recordkeeping, custody of investments and reconciling earnings.

- 3) Receipts - posting and reconciling in the General and Student Activity Funds.
- 4) Journal entries - writing, posting and approving.

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

Effect - Inadequate segregation of duties could adversely affect the District's ability to prevent or detect and correct misstatements, error, or misappropriations 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 procedures to obtain the maximum internal control possible under the circumstances utilizing current personnel, including elected officials.

Response - The District is aware of the importance of segregation of duties and will continue to make strides in segregation of duties and add additional steps where necessary.

Conclusion - Response accepted.

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 and
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.559: Summer Food Service Program for Children
Pass-Through Entity Identifying Number: FY18
Federal Award Year: 2018
Prior Year Finding Number: III-A-17 (2017-001)
U.S. Department of Agriculture
Passed through the Iowa Department of Education

III-A-18 Segregation of Duties - One important aspect of the internal control structure is the (2018-001) 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 federal programs; cash, investments, receipts and journal entries. See finding II-A-18.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-18 Certified Budget - Expenditures for the year ended June 30, 2018 exceeded the certified budget amounts in the non-instructional programs and other expenditures functions.

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

Response - The District acknowledges the error in the amendment that was filed and will continue to make necessary adjustments and seek assistances when needed.

Conclusion - Response accepted.

- IV-B-18 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-18 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-18 Business Transactions - No business transactions between the District and District officials and employees were noted.
- IV-E-18 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-F-18 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted the following:
- IV-G-18 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-H-18 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-18 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-J-18 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in amounts reported.
- IV-K-18 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-L-18 Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales and services 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, 2018, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$ 2,690,638
Revenues:		
Sales Tax	\$ 1,823,199	
Sales of Long-Term Debt	1,601,000	
Other local	23,092	3,447,291
		<u>6,137,929</u>
Expenitures/tranfer out		
School Infrastructure Construction	86,980	
Equipment	375,988	
Other	255,456	
Transfer to other funds:		
Debt Service Fund	613,546	1,331,970
		<u>1,331,970</u>
Ending Balance		<u><u>\$ 4,805,959</u></u>

For the year ended June 30, 2018 the District did not reduce the following levy as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

IV-M-18 Interfund Loan - We noted during our audit that the District has an interfund loan which was on the balance sheets in prior years and still on current year balance sheets. As of June 30, 2018, the Enterprise, School Nutrition Fund still owes the General Fund \$6,142 which was outstanding from prior years.

According to a declaratory order issued by the Iowa Department of Education to the Auditor of State dated April 11, 2008, interfund loans on the District's year-end financial statements must be repaid to their respective funds on or before October 1st of the following fiscal year or the date of the District's Board of Directors organizational meeting, whichever is later. If the District is unable to repay the interfund loans by that time, the District must seek outside funding to repay the interfund loans according to Iowa Code Chapter 74.

Recommendation - The District should take steps to ensure compliance with the declaratory order issued April 11, 2008. It appears the District has adequate funds to repay the interfund loan and the District should take the appropriate action to repay the loan between the School Nutrition and General Fund.

Response -The District was able to properly identify the issue and able to move the funds appropriately at the end of this audit.

Conclusion - Response accepted.