

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

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Glenwood Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before November 2019 Election)		
Curt Becker	President	2019
Theresa Romens	Vice President	2019
Michelle Bahr	Board Member (Resigned July 2019)	2021
Elizabeth Richardson	Board Member (Appointed July 2019)	2019
Ann Staiert	Board Member	2021
Greg Schultz	Board Member	2021
Board of Education (After November 2019 Election)		
Curt Becker	President	2023
Ann Staiert	Vice President	2021
Greg Schultz	Board Member	2021
Elizabeth Richardson	Board Member	2021
Tim Becker	Board Member	2023
School Officials		
Devin Embray	Superintendent	2020
Kristi Meckna	Board Secretary/Treasurer and Business Manager	2020
Lynch Dallas, P.C.	Attorney	2020

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(a professional corporation)
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Telephone (641) 792-1910

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, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Glenwood Community School District at June 30, 2020 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.

Members American Institute & Iowa Society of Certified Public Accountants

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 16 and 44 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of 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, 2019 (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 29, 2021, 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 29, 2021
Newton, Iowa

Glenwood Community School District

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, 2020. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$21,322,533 in fiscal year 2019 to \$22,675,871 in fiscal year 2020, while General Fund expenditures decreased from \$22,179,671 in fiscal year 2019 to \$21,813,567 in fiscal year 2020. This resulted in an increase in the District's General Fund balance from \$3,585,002 at June 30, 2019 to \$4,447,306 at June 30, 2020, a 24.05% increase from the prior year.
- The increase in General Fund revenues was primarily attributable to an increase in local source revenues received in fiscal year 2020 while the decrease in expenditures was due in part to decreased spending in the instruction functional area compared to the prior year.
- The District's total net position increased from \$22,655,211 at June 30, 2019 to \$25,943,205 at June 30, 2020. Total revenues increased from \$28,545,652 in fiscal year 2019 to \$30,110,779 in fiscal year 2020, a 5.48% increase, while total expenses decreased from \$27,098,705 in fiscal year 2019 to \$26,822,785 in fiscal year 2020, a 1.02% decrease compared to the prior year. The significant increase in revenues is mainly due to an increase in property tax revenues received during the year. The decrease in expenses is due primarily to a decrease in support services incurred during the 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 and business type activities 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.

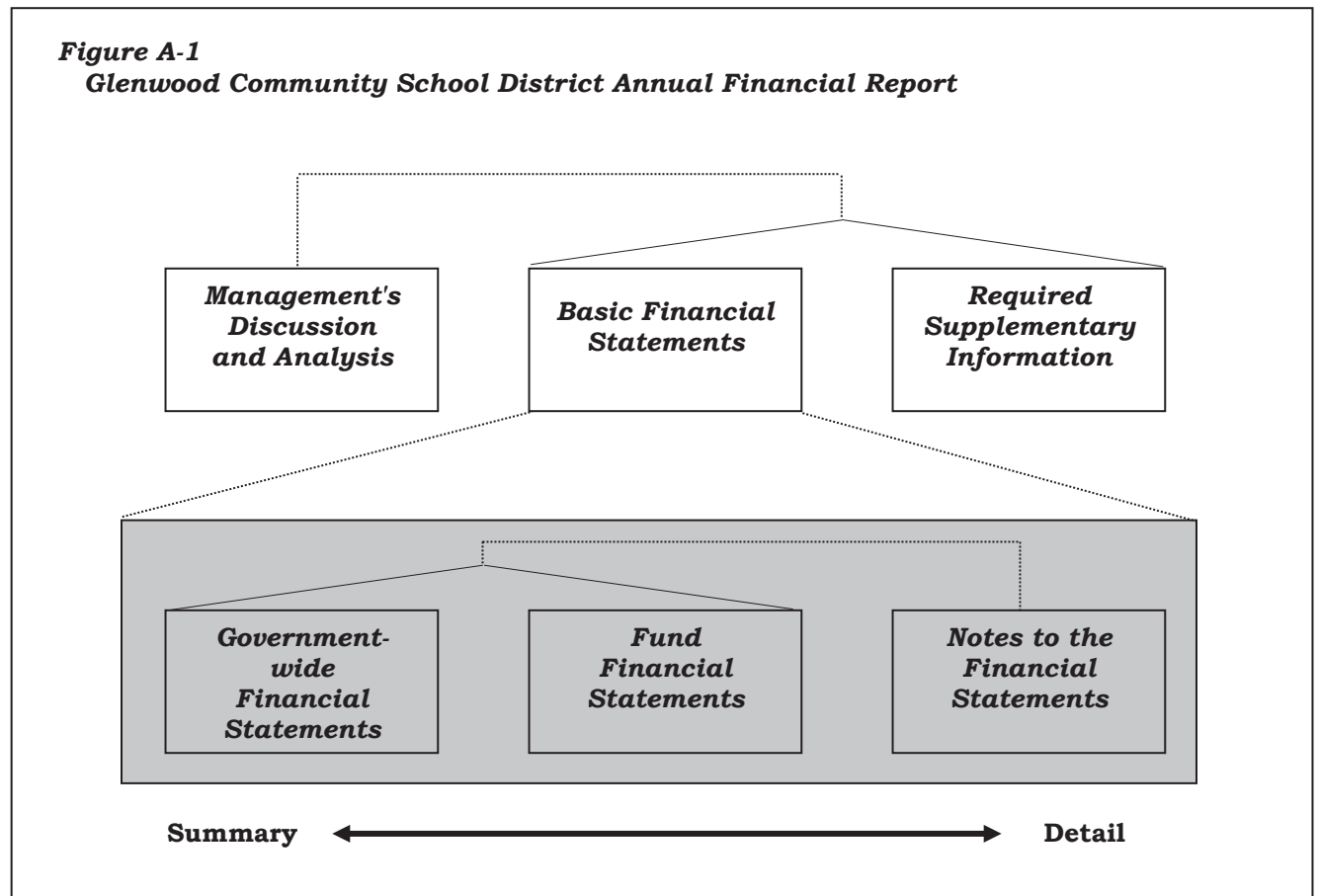


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition, 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, the Special Revenue Funds, the Capital Projects Fund and the 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 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, 2020 compared to June 30, 2019.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-20
Current and other assets	\$ 24,265,175	26,958,389	945,063	839,454	25,210,238	27,797,843	-9.31%
Capital assets	40,676,719	36,090,947	152,922	184,129	40,829,641	36,275,076	12.56%
Total assets	64,941,894	63,049,336	1,097,985	1,023,583	66,039,879	64,072,919	3.07%
Deferred outflows of resources	2,325,039	2,867,090	163,581	185,797	2,488,620	3,052,887	-18.48%
Long-term liabilities	27,025,777	30,843,856	679,666	755,544	27,705,443	31,599,400	-12.32%
Other liabilities	2,472,012	2,477,642	138,374	27,097	2,610,386	2,504,739	4.22%
Total liabilities	29,497,789	33,321,498	818,040	782,641	30,315,829	34,104,139	-11.11%
Deferred inflows of resources	12,154,083	10,322,266	115,382	44,190	12,269,465	10,366,456	18.36%
Net position:							
Net investment in capital asset	24,413,719	19,929,583	152,922	184,129	24,566,641	20,113,712	22.14%
Restricted	6,843,551	7,422,223	-	-	6,843,551	7,422,223	-7.80%
Unrestricted	(5,642,209)	(5,079,144)	175,222	198,420	(5,466,987)	(4,880,724)	-12.01%
Total net position	\$ 25,615,061	22,272,662	328,144	382,549	25,943,205	22,655,211	14.51%

The District's total net position increased by \$3,287,994, or 22.14% 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 decreased \$578,672, or 7.80% from the prior year. The decrease in restricted net position is primarily due to the decrease in amount restricted for school infrastructures 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 \$586,263 or 12.01%. The decrease in unrestricted net position was primarily a result of the increase in deferred inflows of resources related to OPEB and net pension liability.

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

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2020	2019	2020	2019	2020	2019	2019-20
Revenues:							
Program revenues:							
Charges for service	\$ 1,343,192	1,407,800	905,891	1,124,956	2,249,083	2,532,756	-11.20%
Operating grants, contributions and restricted interest	2,000,798	1,911,313	944,831	751,278	2,945,629	2,662,591	10.63%
Capital grants, contributions and restricted interest	500,000	-	-	-	500,000	-	100.00%
General revenues:							
Property tax	9,537,811	8,509,715	-	-	9,537,811	8,509,715	12.08%
Income surtax	226,664	534,540	-	-	226,664	534,540	-57.60%
Statewide sales, services and use tax	2,079,412	2,028,134	-	-	2,079,412	2,028,134	2.53%
Unrestricted state grants	12,286,299	11,877,094	-	-	12,286,299	11,877,094	3.45%
Unrestricted investment earnings	106,505	259,852	1,930	1,545	108,435	261,397	-58.52%
Other	152,452	116,398	24,994	23,027	177,446	139,425	27.27%
Total revenues	<u>28,233,133</u>	<u>26,644,846</u>	<u>1,877,646</u>	<u>1,900,806</u>	<u>30,110,779</u>	<u>28,545,652</u>	<u>5.48%</u>
Program expenses:							
Instruction	14,770,559	14,946,683	-	-	14,770,559	14,946,683	-1.18%
Support services	7,786,685	7,988,805	32,423	22,469	7,819,108	8,011,274	-2.40%
Non-instructional programs	91	15,711	1,899,628	1,820,518	1,899,719	1,836,229	3.46%
Other expenses	2,333,399	2,304,519	-	-	2,333,399	2,304,519	1.25%
Total expenses	<u>24,890,734</u>	<u>25,255,718</u>	<u>1,932,051</u>	<u>1,842,987</u>	<u>26,822,785</u>	<u>27,098,705</u>	<u>-1.02%</u>
Change in net position	3,342,399	1,389,128	(54,405)	57,819	3,287,994	1,446,947	127.24%
Net position beginning of year	<u>22,272,662</u>	<u>20,883,534</u>	<u>382,549</u>	<u>324,730</u>	<u>22,655,211</u>	<u>21,208,264</u>	<u>6.82%</u>
Net position end of year	<u>\$ 25,615,061</u>	<u>22,272,662</u>	<u>328,144</u>	<u>382,549</u>	<u>25,943,205</u>	<u>22,655,211</u>	<u>14.51%</u>

In fiscal year 2020, property tax and unrestricted state grants accounted for 77.30% 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 \$30.11 million, of which approximately \$28.23 million was for governmental activities and approximately \$1.88 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 5.48% increase in revenues and 1.02% decrease 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 decrease in expenses primarily due to a decrease in instruction expenses incurred compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$28,233,133 and expenses were \$24,890,734 for the year ended June 30, 2020.

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

	Total Cost of Services			Net Cost of Services		
	2020	2019	Change 2019-20	2020	2019	Change 2019-20
Instruction	\$ 14,770,559	14,946,683	-1.18%	12,547,373	12,538,737	0.07%
Support services	7,786,685	7,988,805	-2.53%	7,059,647	7,937,004	-11.05%
Non-instructional programs	91	15,711	-99.42%	91	15,711	-99.42%
Other expenses	2,333,399	2,304,519	1.25%	1,439,633	1,445,153	-0.38%
Total	<u>\$ 24,890,734</u>	<u>25,255,718</u>	<u>-1.45%</u>	<u>21,046,744</u>	<u>21,936,605</u>	<u>-4.06%</u>

For the year ended June 30, 2020:

- The cost financed by users of the District's programs was \$1,343,192.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$2,500,798.
- The net cost of governmental activities was financed with \$9,537,811 in property tax, \$226,664 in income surtax, \$2,079,412 in statewide sales, services and use tax, \$12,286,299 in unrestricted state grants, \$106,505 in interest income, and \$152,452 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$1,877,646 and expenses were \$1,932,051 for the year ended June 30, 2020. 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 \$9,722,179, below last year's ending combined fund balances of \$12,539,279. The primary reason for the decrease in combined fund balances was the decrease in fund balance of the Capital Projects Funds.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The General Fund balance increased from \$3,585,002 at June 30, 2019 to \$4,447,306 at June 30, 2020. Revenues increased primarily due to an increase in local source revenues received while expenditures decreased primarily due to a decrease in instruction costs incurred during fiscal year 2020. Total revenues outpaced total expenditures resulting in an increase in ending fund balance.

- The Capital Projects Fund balance decreased from a balance of \$7,448,667 at June 30, 2019, to \$3,640,879 at June 30, 2020. This decrease in fund balance was primarily a result of the increase in capital outlay expenditures.
- The Debt Service Fund balance increased from \$473,812 at June 30, 2019, to \$475,648 at June 30, 2020. This increase in fund balance was primarily a result of the District issuing refunding General Obligation bonds in fiscal year 2020.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from a net position of \$525,238 at June 30, 2019 to a net position of \$431,078 at June 30, 2020, representing a decrease of 17.93%. A decrease in local source revenues was primarily the cause of the decrease in ending net position for fiscal year 2020.

The Day Care Fund net position decreased from deficit \$148,060 at June 30, 2019 to deficit \$107,729 at June 30, 2020, representing a decrease of 27.24%. An increase in federal and state sources were the main cause for the decrease in deficit balance compared to prior year.

The Marketing Class Fund net position remained unchanged from \$232 at June 30, 2019 to \$232 at June 30, 2020.

The Culinary Class Fund net position decreased from \$5,139 at June 30, 2019 to \$4,563 at June 30, 2020. The decrease in revenues compared to the prior year led to the decrease in fund balance.

BUDGETARY HIGHLIGHTS

Over the course of the year, Glenwood Community School District amended its budget one time to reflect the increase in expenditures associated with COVID-19.

The District's revenues were \$403,324 more than budgeted revenues, a variance of 1.34%. 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had invested approximately \$40.83 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-6) This amount represents a net increase of 12.56% from last year. More detailed information about capital assets is available in Note 3 to the financial statements. Depreciation expense for the year was \$1,165,429.

The original cost of the District's capital assets was \$59,371,401. Governmental activities accounted for \$58,609,005 with the remainder of \$762,396 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 \$2,875,943 at June 30, 2019 compared to \$7,854,924 at June 30, 2020. The increase in construction in progress is primarily due to the work on the activity complex during fiscal year 2020.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-20
Land	\$ 876,121	876,121	-	-	876,121	876,121	0.00%
Construction in progress	7,854,924	2,875,943	-	-	7,854,924	2,875,943	173.13%
Buildings	30,838,662	31,283,341	-	-	30,838,662	31,283,341	-1.42%
Land improvements	493,217	487,675	-	-	493,217	487,675	1.14%
Machinery and equipment	613,795	567,867	152,922	184,129	766,717	751,996	1.96%
Total	\$ 40,676,719	36,090,947	152,922	184,129	40,829,641	36,275,076	12.56%

Long-Term Debt

At June 30, 2020, the District had \$16,263,000 in bonds, and other long-term debt outstanding. This represents a decrease of 14.29% from last year. (See Figure A-7) 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 \$9,020,000 at June 30, 2020, payable from the Debt Service Fund.

The District had outstanding revenue bonds of \$3,703,000 at June 30, 2020, payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had outstanding capital loan notes of \$3,540,000 at June 30, 2020 payable from the Capital Projects: Physical Plant and Equipment Levy Fund.

	Total District		Total Change
	June 30,		June 30,
	2020	2019	2019-20
General obligation bonds	\$ 9,020,000	11,000,000	-18.00%
Revenue bonds	3,703,000	4,050,000	-8.57%
Capital loan notes	3,540,000	3,925,000	-9.81%
Total	\$ 16,263,000	18,975,000	-14.29%

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 Covid-19 in spring 2020, 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 Meckna, Board Secretary/Treasurer and Business Manager, Glenwood Community School District, 103 Central, Suite 300, Glenwood, Iowa 51534.

Basic Financial Statements

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

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 13,107,130	854,388	13,961,518
Receivables:			
Property tax:			
Delinquent	56,752	-	56,752
Succeeding year	10,284,574	-	10,284,574
Income surtax	77,181	-	77,181
Accounts	12,890	-	12,890
Internal balances	19,753	(19,753)	-
Due from other governments	706,895	79,602	786,497
Inventories	-	30,826	30,826
Capital assets not being depreciated:			
Land and construction in progress	8,731,045	-	8,731,045
Capital assets, net of accumulated depreciation:			
Buildings and land improvements and machinery and equipment	31,945,674	152,922	32,098,596
Total assets	64,941,894	1,097,985	66,039,879
Deferred Outflows of Resources			
Pension related deferred outflows	2,287,727	161,937	2,449,664
OPEB related deferred outflows	37,312	1,644	38,956
Total deferred outflows of resources	2,325,039	163,581	2,488,620
Liabilities			
Accounts payable	575,308	215	575,523
Salaries and benefits payable	1,813,511	-	1,813,511
Payroll protection loan	-	96,909	96,909
Accrued interest payable	83,193	-	83,193
Unearned revenue	-	41,250	41,250
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	1,275,000	-	1,275,000
Revenue bonds	356,000	-	356,000
Capital loan notes	400,000	-	400,000
Compensated absences	92,813	5,522	98,335
Portion due after one year:			
General obligation bonds	7,745,000	-	7,745,000
Revenue bonds	3,347,000	-	3,347,000
Capital loan notes	3,140,000	-	3,140,000
Net pension liability	9,814,018	636,432	10,450,450
Total OPEB liability	855,946	37,712	893,658
Total liabilities	29,497,789	818,040	30,315,829
Deferred Inflows of Resources			
Unavailable property tax revenue	10,284,574	-	10,284,574
Pension related deferred inflows	1,587,923	102,976	1,690,899
OPEB related deferred inflows	281,586	12,406	293,992
Total deferred inflows of resources	12,154,083	115,382	12,269,465
Net Position			
Net investment in capital assets	24,413,719	152,922	24,566,641
Restricted for:			
Categorical funding	1,651,871	-	1,651,871
Debt service	392,455	-	392,455
Management levy purposes	945,049	-	945,049
Student activities	213,297	-	213,297
School infrastructure	3,521,626	-	3,521,626
Physical plant and equipment	119,253	-	119,253
Unrestricted	(5,642,209)	175,222	(5,466,987)
Total net position	\$ 25,615,061	328,144	25,943,205

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 9,400,026	830,450	97,715	-	(8,471,861)	-	(8,471,861)
Special	2,718,865	147,566	127,267	-	(2,444,032)	-	(2,444,032)
Other	2,651,668	365,176	655,012	-	(1,631,480)	-	(1,631,480)
	<u>14,770,559</u>	<u>1,343,192</u>	<u>879,994</u>	<u>-</u>	<u>(12,547,373)</u>	<u>-</u>	<u>(12,547,373)</u>
Support services:							
Student	628,742	-	-	-	(628,742)	-	(628,742)
Instructional staff	1,201,922	-	34,872	-	(1,167,050)	-	(1,167,050)
Administration	2,585,691	-	17,224	-	(2,568,467)	-	(2,568,467)
Operation and maintenance of plant	2,346,989	-	90,411	500,000	(1,756,578)	-	(1,756,578)
Transportation	1,023,341	-	84,531	-	(938,810)	-	(938,810)
	<u>7,786,685</u>	<u>-</u>	<u>227,038</u>	<u>500,000</u>	<u>(7,059,647)</u>	<u>-</u>	<u>(7,059,647)</u>
Non-instructional programs:							
Community service operations	91	-	-	-	(91)	-	(91)
Long-term debt interest	543,628	-	-	-	(543,628)	-	(543,628)
Other expenditures:							
AEA flowthrough	893,766	-	893,766	-	-	-	-
Depreciation (unallocated)*	896,005	-	-	-	(896,005)	-	(896,005)
	<u>1,789,771</u>	<u>-</u>	<u>893,766</u>	<u>-</u>	<u>(896,005)</u>	<u>-</u>	<u>(896,005)</u>
Total governmental activities	<u>24,890,734</u>	<u>1,343,192</u>	<u>2,000,798</u>	<u>500,000</u>	<u>(21,046,744)</u>	<u>-</u>	<u>(21,046,744)</u>
Business type activities:							
Support services:							
Administration	10,071	-	-	-	-	(10,071)	(10,071)
Operation and maintenance of plant	22,352	-	-	-	-	(22,352)	(22,352)
	<u>32,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,423)</u>	<u>(32,423)</u>
Non-instructional programs:							
Food service operations	1,349,458	457,418	803,342	-	-	(88,698)	(88,698)
Other enterprise operations	2,680	448,473	141,489	-	-	587,282	587,282
Community service operations	547,490	-	-	-	-	(547,490)	(547,490)
	<u>1,899,628</u>	<u>905,891</u>	<u>944,831</u>	<u>-</u>	<u>-</u>	<u>(48,906)</u>	<u>(48,906)</u>
Total business type activities	<u>1,932,051</u>	<u>905,891</u>	<u>944,831</u>	<u>-</u>	<u>-</u>	<u>(81,329)</u>	<u>(81,329)</u>
Total	<u>\$ 26,822,785</u>	<u>2,249,083</u>	<u>2,945,629</u>	<u>500,000</u>	<u>(21,046,744)</u>	<u>(81,329)</u>	<u>(21,128,073)</u>
General Revenues							
Property tax levied for:							
General purposes					\$ 7,504,770	-	7,504,770
Debt service					1,310,880	-	1,310,880
Capital outlay					722,161	-	722,161
Income surtax					226,664	-	226,664
Statewide sales, services and use tax					2,079,412	-	2,079,412
Unrestricted state grants					12,286,299	-	12,286,299
Unrestricted investment earnings					106,505	1,930	108,435
Other					152,452	24,994	177,446
Total general revenues					<u>24,389,143</u>	<u>26,924</u>	<u>24,416,067</u>
Change in net position					3,342,399	(54,405)	3,287,994
Net position beginning of year					22,272,662	382,549	22,655,211
Net position end of year					<u>\$ 25,615,061</u>	<u>328,144</u>	<u>25,943,205</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, 2020

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 5,970,353	3,691,072	494,135	1,159,148	11,314,708
Receivables:					
Property tax:					
Delinquent	40,776	4,194	7,613	4,169	56,752
Succeeding year	7,280,489	785,229	1,608,854	610,002	10,284,574
Income surtax	77,181	-	-	-	77,181
Accounts	12,800	-	-	90	12,890
Due from other funds	19,753	-	-	-	19,753
Due from other governments	531,669	175,226	-	-	706,895
Total assets	\$ 13,933,021	4,655,721	2,110,602	1,773,409	22,472,753
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 314,534	229,613	26,100	5,061	575,308
Salaries and benefits payable	1,813,511	-	-	-	1,813,511
Total liabilities	2,128,045	229,613	26,100	5,061	2,388,819
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	7,280,489	785,229	1,608,854	610,002	10,284,574
Income surtax	77,181	-	-	-	77,181
Total deferred inflows of resources	7,357,670	785,229	1,608,854	610,002	10,361,755
Fund balances:					
Restricted for:					
Categorical funding	1,651,871	-	-	-	1,651,871
Debt service	-	-	475,648	-	475,648
Management levy purposes	-	-	-	945,049	945,049
Student activities	-	-	-	213,297	213,297
School infrastructure	-	3,521,626	-	-	3,521,626
Physical plant and equipment	-	119,253	-	-	119,253
Unassigned	2,795,435	-	-	-	2,795,435
Total fund balances	4,447,306	3,640,879	475,648	1,158,346	9,722,179
Total liabilities, deferred inflows of resources and fund balances	\$ 13,933,021	4,655,721	2,110,602	1,773,409	22,472,753

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds (page 20)		\$ 9,722,179
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		40,676,719
Accounts receivable income surtax is not available to finance expenditures of the current year and, therefore, is recognized as deferred inflows of resources in the governmental funds.		77,181
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the government funds.		(83,193)
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		1,792,422
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 2,325,039	
Deferred inflows of resources	<u>(1,869,509)</u>	455,530
Long-term liabilities, including bonds payable, compensated absences payable, net pension liability, and total OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(27,025,777)</u>
Net position of governmental activities (page 18)		<u><u>\$ 25,615,061</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, 2020

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 7,473,169	722,161	1,310,880	693,684	10,199,894
Tuition	1,037,578	-	-	-	1,037,578
Other	154,128	616,400	6,624	535,269	1,312,421
State sources	13,380,367	2,086,820	13,447	7,396	15,488,030
Federal sources	630,629	-	-	-	630,629
Total revenues	<u>22,675,871</u>	<u>3,425,381</u>	<u>1,330,951</u>	<u>1,236,349</u>	<u>28,668,552</u>
Expenditures:					
Current:					
Instruction:					
Regular	9,140,384	-	-	8,991	9,149,375
Special	2,653,125	-	-	-	2,653,125
Other	2,092,911	-	-	473,497	2,566,408
	<u>13,886,420</u>	<u>-</u>	<u>-</u>	<u>482,488</u>	<u>14,368,908</u>
Support services:					
Student	636,580	-	-	-	636,580
Instructional staff	1,233,206	7,500	-	-	1,240,706
Administration	2,626,956	109,552	45,800	183,511	2,965,819
Operation and maintenance of plant	1,724,227	-	-	406,168	2,130,395
Transportation	812,321	207,240	-	37,634	1,057,195
	<u>7,033,290</u>	<u>324,292</u>	<u>45,800</u>	<u>627,313</u>	<u>8,030,695</u>
Non-instructional programs:					
Community service operations	91	-	-	-	91
Capital outlay	-	5,656,196	-	-	5,656,196
Long-term debt:					
Principal	-	-	11,732,000	-	11,732,000
Interest and fiscal charges	-	-	501,873	-	501,873
	<u>-</u>	<u>-</u>	<u>12,233,873</u>	<u>-</u>	<u>12,233,873</u>
Other expenditures:					
AEA flowthrough	893,766	-	-	-	893,766
Total expenditures	<u>21,813,567</u>	<u>5,980,488</u>	<u>12,279,673</u>	<u>1,109,801</u>	<u>41,183,529</u>
Excess (Deficiency) of revenues over (under) expenditures	862,304	(2,555,107)	(10,948,722)	126,548	(12,514,977)
Other financing sources (uses):					
General obligation bond proceeds	-	-	9,020,000	-	9,020,000
Premium on bond issuance	-	-	744,986	-	744,986
Discount on bond issuance	-	-	(67,109)	-	(67,109)
Transfer in	-	-	1,252,681	-	1,252,681
Transfer out	-	(1,252,681)	-	-	(1,252,681)
Total other financing sources (uses)	<u>-</u>	<u>(1,252,681)</u>	<u>10,950,558</u>	<u>-</u>	<u>9,697,877</u>
Change in fund balances	862,304	(3,807,788)	1,836	126,548	(2,817,100)
Fund balances beginning of year	3,585,002	7,448,667	473,812	1,031,798	12,539,279
Fund balances end of year	<u>\$ 4,447,306</u>	<u>3,640,879</u>	<u>475,648</u>	<u>1,158,346</u>	<u>9,722,179</u>

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, 2020

Change in fund balances - total governmental funds (page 22) \$ (2,817,100)

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

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

Capital outlay	\$ 5,707,750	
Depreciation expense	<u>(1,121,978)</u>	4,585,772

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. (435,419)

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

Issued	(9,020,000)	
Repaid	<u>11,732,000</u>	2,712,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (41,755)

Net change in the Internal Service Funds charged back against expenditures made for self-funded insurance on an entity-wide basis. (42,281)

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. 1,209,297

District costs associated with the total OPEB liability implicit subsidy after the measurement date but before year end. 37,312

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	(33,735)	
Pension expense	(1,748,133)	
Total OPEB liability and related expenses	<u>(83,559)</u>	<u>(1,865,427)</u>

Change in net position of governmental activities (page 19) \$ 3,342,399

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business Type Activities: Enterprise Funds				Total	Governmental Activities:
	School Nutrition	Day Care	Marketing Class	Culinary Class		Internal Service Funds
Assets						
Current assets:						
Cash and pooled investments	\$ 594,401	255,192	232	4,563	854,388	1,792,422
Due from other governments	79,602	-	-	-	79,602	-
Inventories	30,826	-	-	-	30,826	-
Total current assets	704,829	255,192	232	4,563	964,816	1,792,422
Noncurrent assets:						
Capital assets, net of accumulated depreciation	149,381	3,541	-	-	152,922	-
Total assets	854,210	258,733	232	4,563	1,117,738	1,792,422
Deferred Outflows of Resources						
Pension related deferred outflows	90,040	71,897	-	-	161,937	-
OPEB related deferred outflows	1,106	538	-	-	1,644	-
Total Deferred Outflows of Resources	91,146	72,435	-	-	163,581	-
Liabilities						
Current liabilities:						
Due to other funds	19,753	-	-	-	19,753	-
Accounts payable	4	211	-	-	215	-
Payroll protection loan	-	96,909	-	-	96,909	-
Unearned revenue	41,250	-	-	-	41,250	-
Total current liabilities	61,007	97,120	-	-	158,127	-
Noncurrent liabilities:						
Compensated absences	5,522	-	-	-	5,522	-
Net pension liability	356,360	280,072	-	-	636,432	-
Total OPEB liability	25,380	12,332	-	-	37,712	-
Total noncurrent liabilities	387,262	292,404	-	-	679,666	-
Total liabilities	448,269	389,524	-	-	837,793	-
Deferred Inflows of Resources						
Pension related deferred inflows	57,660	45,316	-	-	102,976	-
OPEB related deferred inflows	8,349	4,057	-	-	12,406	-
Total Deferred Inflows of Resources	66,009	49,373	-	-	115,382	-
Net Position						
Net investment in capital assets	149,381	3,541	-	-	152,922	-
Unrestricted	281,697	(111,270)	232	4,563	175,222	1,792,422
Total net position	\$ 431,078	(107,729)	232	4,563	328,144	1,792,422

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, 2020

	Business Type Activities: Enterprise Funds				Total	Governmental
	School Nutrition	Day Care	Marketing Class	Culinary Class		Internal Service Funds
Operating revenues:						
Local sources:						
Charges for service	\$ 457,418	448,473	-	-	905,891	-
Miscellaneous	3,545	19,345	-	2,104	24,994	2,313,620
Total operating revenues	460,963	467,818	-	2,104	930,885	2,313,620
Operating expenses:						
Administration:						
Services	10,071	-	-	-	10,071	2,320,772
Operation and maintenance of plant:						
Supplies	-	22,352	-	-	22,352	-
Total support services	10,071	22,352	-	-	32,423	2,320,772
Non-instructional programs:						
Food service operations:						
Salaries	501,282	-	-	-	501,282	-
Benefits	179,065	-	-	-	179,065	-
Supplies	620,597	-	-	-	620,597	-
Depreciation	42,869	-	-	-	42,869	-
Other	5,645	-	-	-	5,645	-
	1,349,458	-	-	-	1,349,458	-
Other enterprise operations:						
Benefits	-	-	-	-	-	53,861
Supplies	-	-	-	2,680	2,680	-
	-	-	-	2,680	2,680	53,861
Community service operations:						
Salaries	-	409,308	-	-	409,308	-
Benefits	-	93,760	-	-	93,760	-
Supplies	-	43,840	-	-	43,840	-
Depreciation	-	582	-	-	582	-
	-	547,490	-	-	547,490	-
Total non-instructional programs	1,349,458	547,490	-	2,680	1,899,628	53,861
Total operating expenses	1,359,529	569,842	-	2,680	1,932,051	2,374,633
Operating loss	(898,566)	(102,024)	-	(576)	(1,001,166)	(61,013)
Non-operating revenues:						
State sources	8,423	4,000	-	-	12,423	-
Federal sources	794,919	137,489	-	-	932,408	-
Interest income	1,064	866	-	-	1,930	18,732
Total non-operating revenues	804,406	142,355	-	-	946,761	18,732
Change in net position	(94,160)	40,331	-	(576)	(54,405)	(42,281)
Net position beginning of year	525,238	(148,060)	232	5,139	382,549	1,834,703
Net position end of year	\$ 431,078	(107,729)	232	4,563	328,144	1,792,422

SEE NOTES TO FINANCIAL STATEMENTS.

**GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020**

	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	\$ 475,913	448,473	-	-	924,386	-
Cash received from miscellaneous operating activities	3,545	19,345	-	2,104	24,994	2,313,620
Cash payments to employees for services	(652,924)	(416,052)	-	-	(1,068,976)	(53,861)
Cash payments to suppliers for goods or services	(529,792)	(69,367)	-	(2,680)	(601,839)	(2,320,772)
Net cash used in operating activities	(703,258)	(17,601)	-	(576)	(721,435)	(61,013)
Cash flows from non-capital financing activities:						
Borrowings from General Fund	11,828	-	-	-	11,828	-
State grants received	8,423	4,000	-	-	12,423	-
Federal grants received	628,434	137,489	-	-	765,923	-
Net cash provided by non-capital financing activities	648,685	141,489	-	-	790,174	-
Cash flows from capital and related financing activities:						
Purchase of capital assets	(10,767)	(1,477)	-	-	(12,244)	-
Cash flows from investing activities:						
Interest on investments	1,064	866	-	-	1,930	18,732
Net increase (decrease) in cash and pooled investments	(64,276)	123,277	-	(576)	58,425	(42,281)
Cash and pooled investments beginning of year	658,677	131,915	232	5,139	795,963	1,834,703
Cash and pooled investments end of year	\$ 594,401	255,192	232	4,563	854,388	1,792,422
Reconciliation of operating loss to net cash used in operating activities:						
Operating loss	\$ (898,566)	(102,024)	-	(576)	(1,001,166)	(61,013)
Adjustments to reconcile operating loss to net cash used in operating activities:						
Commodities consumed	103,930	-	-	-	103,930	-
Depreciation	42,869	582	-	-	43,451	-
Change in assets and liabilities:						
Inventories	3,543	-	-	-	3,543	-
Accounts payable	(952)	(3,175)	-	-	(4,127)	-
Payroll protection loan	-	96,909	-	-	96,909	-
Net pension liability	(27,923)	(41,308)	-	-	(69,231)	-
Deferred outflows of resources	11,364	10,852	-	-	22,216	-
Deferred inflows of resources	41,875	29,317	-	-	71,192	-
Unearned revenue	18,495	-	-	-	18,495	-
Compensated absences	1,479	(4,286)	-	-	(2,807)	-
Total OPEB liability	628	(4,468)	-	-	(3,840)	-
Net cash used in operating activities	\$ (703,258)	(17,601)	-	(576)	(721,435)	(61,013)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2020, the District received \$103,930 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

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

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 county. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

B. Basis of Presentation

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

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

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

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

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

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

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

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, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2019.

Due from Other Governments - Due from other governments represents 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:	
School Nutrition 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, 2020. 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.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to 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, 2020, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$6,525,524 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, 2020 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	2,875,943	5,167,101	188,120	7,854,924
Total capital assets not being depreciated	<u>3,752,064</u>	<u>5,167,101</u>	<u>188,120</u>	<u>8,731,045</u>
Capital assets being depreciated:				
Buildings	43,747,975	411,532	-	44,159,507
Land improvements	1,015,357	45,336	-	1,060,693
Machinery and equipment	4,569,811	271,901	183,952	4,657,760
Total capital assets being depreciated	<u>49,333,143</u>	<u>728,769</u>	<u>183,952</u>	<u>49,877,960</u>
Less accumulated depreciation for:				
Buildings	12,464,634	856,211	-	13,320,845
Land improvements	527,682	39,794	-	567,476
Machinery and equipment	4,001,944	225,973	183,952	4,043,965
Total accumulated depreciation	<u>16,994,260</u>	<u>1,121,978</u>	<u>183,952</u>	<u>17,932,286</u>
Total capital assets being depreciated, net	<u>32,338,883</u>	<u>(393,209)</u>	<u>-</u>	<u>31,945,674</u>
Governmental activities capital assets, net	<u>\$ 36,090,947</u>	<u>4,773,892</u>	<u>188,120</u>	<u>40,676,719</u>
Business type activities:				
Machinery and equipment	\$ 750,152	12,244	-	762,396
Less accumulated depreciation	566,023	43,451	-	609,474
Business type activities capital assets, net	<u>\$ 184,129</u>	<u>(31,207)</u>	<u>-</u>	<u>152,922</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 24,751
Other	1,634
Support services:	
Instructional staff	820
Administration	12,569
Operation and maintenance of plant	12,798
Transportation	<u>173,401</u>
	225,973
Unallocated depreciation	<u>896,005</u>
Total governmental activities depreciation expense	<u>\$ 1,121,978</u>
Business type activities:	
Food service operations	<u>\$ 43,451</u>

Note 4. Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$11,000,000	9,020,000	11,000,000	9,020,000	1,275,000
Revenue bonds	4,050,000	-	347,000	3,703,000	356,000
Capital loan notes	3,925,000	-	385,000	3,540,000	400,000
Compensated absences	59,078	92,813	59,078	92,813	92,813
Net pension liability	10,731,345	-	917,327	9,814,018	-
Total OPEB liability	1,078,433	-	222,487	855,946	-
Total	<u>\$30,843,856</u>	<u>9,112,813</u>	<u>12,930,892</u>	<u>27,025,777</u>	<u>2,123,813</u>
Business type activities:					
Net pension liability	\$ 705,663	-	69,231	636,432	-
Compensated absences	8,329	5,522	8,329	5,522	5,522
Total OPEB liability	41,552	-	3,840	37,712	-
Total	<u>\$ 755,544</u>	<u>5,522</u>	<u>81,400</u>	<u>679,666</u>	<u>5,522</u>

General Obligation Bonds

On April 7, 2020, the District issued \$9,020,000 in current refunding general obligation bonds with interest rates of 3.00-4.00% to refund \$4,855,000 of outstanding Series 2012 general obligation bonds with interest rates ranging from 1.60-2.30% and \$4,800,000 of outstanding Series 2015 general obligation bonds with interest rates of 3.00%. The new refunding general obligation bonds have been added to the appropriate financial statements and schedules. The net present value of savings achieved by the current refunding is \$411,750.

Details of the Districts June 30, 2020 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Refunding Bonds Issued Dated April 7, 2020			
	Interest Rate	Principal	Interest	Total
2021	4.00 %	\$ 1,275,000	332,253	1,607,253
2022	4.00	1,285,000	259,600	1,544,600
2023	4.00	1,320,000	207,800	1,527,800
2024	3.00-4.00	1,350,000	158,050	1,508,050
2025	3.00-4.00	1,410,000	110,300	1,520,300
2026-2027	3.00	2,380,000	80,850	2,460,850
Total		<u>\$ 9,020,000</u>	<u>1,148,853</u>	<u>10,168,853</u>

Revenue Bonds

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

Year Ending June 30,	Bond Issue Dated February 24, 2014			Bond Issue Dated April 19, 2018			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2021	2.92 %	\$ 222,000	68,620	2.79 %	\$ 134,000	37,749	356,000	106,369	462,369
2022	2.92	229,000	62,138	2.79	138,000	34,010	367,000	96,148	463,148
2023	2.92	235,000	55,450	2.79	142,000	30,160	377,000	85,610	462,610
2024	2.92	242,000	48,588	2.79	146,000	26,198	388,000	74,786	462,786
2025	2.92	249,000	41,522	2.79	150,000	22,125	399,000	63,647	462,647
2026-2030	2.92	1,173,000	92,594	2.79	643,000	45,450	1,816,000	138,044	1,954,044
Total		<u>\$ 2,350,000</u>	<u>368,912</u>		<u>\$ 1,353,000</u>	<u>195,692</u>	<u>3,703,000</u>	<u>564,604</u>	<u>4,267,604</u>

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 22% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$4,267,604. For the current year, \$347,000 of principal and \$116,331 of interest were paid on the bonds and total statewide sales, services and use tax revenues were \$2,079,412.

- 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, 2020 general obligation capital loan note indebtedness are as follows:

Year Ending June 30,	Capital Loan Note of April 19, 2018				
	Interest Rate	Principal	Interest	Total	
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	3.00	435,000	69,300	504,300	
2025	3.00	450,000	56,250	506,250	
2026-2030	3.00	1,425,000	86,400	1,511,400	
Total		<u>\$ 3,540,000</u>	<u>494,250</u>	<u>4,034,250</u>	

Note 5. Due From and Due To Other Funds

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

Receivable Fund	Payable Fund	Amount
General Fund	Enterprise Fund: School Nutrition	<u>\$ 19,753</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, 2020 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 749,331
Debt Service	Capital Projects: Physical, Plant and Equipment Levy	503,350
Total		<u>\$ 1,252,681</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.

The transfer from the Capital Projects: Physical Plant and Equipment Levy Fund to the Debt Service Fund was for principal and interest payments on the District's Capital loan note 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 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll for a total rate of 15.73%.

The District’s contributions to IPERS for the year ended June 30, 2020 were \$1,301,299.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the District reported a liability of \$10,450,450 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the District’s proportion was 0.180471%, which was a decrease of 0.000259% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,852,608. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,972	375,744
Changes of assumptions	1,119,393	-
Net difference between projected and actual earnings on IPERS' investments	-	1,177,640
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	-	137,515
District contributions subsequent to the measurement date	1,301,299	-
Total	\$ 2,449,664	1,690,899

\$1,301,299 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2021	\$ 174,817
2022	(290,774)
2023	(195,711)
2024	(201,567)
2025	(29,299)
Total	<u>\$ (542,534)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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:

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed 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.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$18,556,626	10,450,450	3,651,079

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

Payables to IPERS - At June 30, 2020, the District reported payables to IPERS of \$142,557 for legally required employer contributions and \$94,988 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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Active employees	<u>204</u>
Total	<u><u>208</u></u>

Total OPEB Liability - The District's total OPEB liability of \$893,658 was measured as of June 30, 2020, and was determined by an actuarial valuation dated June 30, 2019.

Actuarial Assumptions - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	2.50% per annum.
Rates of salary increase	3.25% per year plus merit and promotion increases.
Discount rate	3.13% compounded annually, including inflation.
Healthcare cost trend rate	6.40% for FY2020, decreasing to an ultimate rate of 4.00%.

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

Mortality rates and annual retirement probabilities are based on School assumptions for Regular members in the June 2018 Iowa Public Employees' Retirement System Demographic Assumption Study.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 1,119,985
Changes for the year:	
Service cost	87,601
Interest	42,589
Differences between expected and actual experiences	(171,854)
Changes in assumptions	(122,492)
Benefit payments	<u>(62,171)</u>
Net changes	<u>(226,327)</u>
Total OPEB liability end of year	<u>\$ 893,658</u>

Changes of assumptions reflect a change in the discount rate from 3.62% at June 30, 2019 to 3.13% at the June 30, 2020.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.13%) or 1% higher (4.13%) than the current discount rate.

	<u>1% Decrease (2.13%)</u>	<u>Discount Rate (3.13%)</u>	<u>1% Increase (4.13%)</u>
Total OPEB liability	\$ 958,177	893,658	832,667

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 (5.40%) or 1% higher (7.40%) than the current healthcare cost trend rates.

	<u>1% Decrease (5.40%)</u>	<u>Healthcare Cost Trend Rate (6.40%)</u>	<u>1% Increase (7.40%)</u>
Total OPEB liability	\$ 797,882	893,658	1,007,056

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended June 30, 2020, the District recognized OPEB expenses of \$93,067. At June 30, 2020, 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>
Differences between expected and actual experience	\$ -	153,572
Changes in assumptions	-	140,420
Contributions between measurement date and reporting date	38,956	-
Total	<u>\$ 38,956</u>	<u>293,992</u>

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

Year Ended June 30,	Amount
2021	\$ (37,123)
2022	(37,123)
2023	(37,123)
2024	(37,123)
2025	(37,123)
Thereafter	<u>(108,377)</u>
Total	<u>\$ (293,992)</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, 2020 were \$1,946,726.

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 \$893,766 for the year ended June 30, 2020 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Construction Commitment

The District has entered into a contract for a school infrastructure project which includes an activity complex. As of June 30, 2020, costs of \$7,854,924 had been incurred against the contract. The balances remaining on the contract at June 30, 2020 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

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

County offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

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

Entity	Tax Abatement Program	Amount of Tax Abated
Mills County	Urban Renewal and Economic Development Projects	\$ 43,661
Mills County	Urban Revitalization	183
City of Glenwood	Urban Renewal and Economic Development Projects	5,893

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2020, this reimbursement amounted to \$23,415.

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, 2020.

Program	Amount
Limited English Proficient (LEP)	\$ 5,991
At-Risk Programs	108,559
Gifted and Talented Programs	262,870
Returning Dropouts and Dropout Prevention	136,192
Teacher Leadership State Aid	384,170
Teacher Salary Supplement	55,038
Iowa Early Intervention Block Grant	188,402
Successful Progression for Early Readers	161,022
Professional Development for Model Core Curriculum	102,807
Professional Development	244,548
Market Factor Incentives	2,272
Total	<u>\$ 1,651,871</u>

Note 14. Prospective Accounting Change

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

Note 15. 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:

	<u>Net investment in Capital Assets</u>	<u>Debt Service</u>	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ -	475,648	2,795,435
Capital assets, net of accumulated depreciation	40,676,719	-	-
General obligation bond capitalized indebtedness	(9,020,000)	-	-
Revenue bond capitalized indebtedness	(3,703,000)	-	-
Capital lease capitalized indebtedness	(3,540,000)	-	-
Accrued interest payable	-	(83,193)	-
Income surtax	-	-	77,181
Internal service fund balance	-	-	1,792,422
Compensated absences	-	-	(92,813)
Pension related deferred outflows	-	-	2,287,727
Pension related deferred inflows	-	-	(1,587,923)
Net pension liability	-	-	(9,814,018)
Total OPEB liability	-	-	(855,946)
OPEB related deferred outflows	-	-	37,312
OPEB related deferred inflows	-	-	(281,586)
Net position (Exhibit A)	<u>\$ 24,413,719</u>	<u>392,455</u>	<u>(5,642,209)</u>

Note 16. COVID-19

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

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

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, 2020

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 12,549,893	932,815	13,482,708	12,894,266	12,894,266	588,442
Intermediate sources	-	-	-	550,000	550,000	(550,000)
State sources	15,488,030	12,423	15,500,453	15,388,608	15,388,608	111,845
Federal sources	630,629	932,408	1,563,037	1,310,000	1,310,000	253,037
Total revenues	<u>28,668,552</u>	<u>1,877,646</u>	<u>30,546,198</u>	<u>30,142,874</u>	<u>30,142,874</u>	<u>403,324</u>
Expenditures/Expenses:						
Instruction	14,368,908	-	14,368,908	15,875,131	16,000,000	1,631,092
Support services	8,030,695	32,423	8,063,118	9,374,500	9,500,000	1,436,882
Non-instructional programs	91	1,899,628	1,899,719	2,000,000	2,500,000	600,281
Other expenditures	18,783,835	-	18,783,835	4,043,133	19,000,000	216,165
Total expenditures/expenses	<u>41,183,529</u>	<u>1,932,051</u>	<u>43,115,580</u>	<u>31,292,764</u>	<u>47,000,000</u>	<u>3,884,420</u>
Excess (Deficiency) of revenues over (under) expenditures/expenses	(12,514,977)	(54,405)	(12,569,382)	(1,149,890)	(16,857,126)	4,287,744
Other financing sources, net	<u>9,697,877</u>	<u>-</u>	<u>9,697,877</u>	<u>-</u>	<u>-</u>	<u>9,697,877</u>
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	(2,817,100)	(54,405)	(2,871,505)	(1,149,890)	(16,857,126)	13,985,621
Balances beginning of year	<u>12,539,279</u>	<u>382,549</u>	<u>12,921,828</u>	<u>9,496,357</u>	<u>9,496,357</u>	<u>3,425,471</u>
Balances end of year	<u>\$ 9,722,179</u>	<u>328,144</u>	<u>10,050,323</u>	<u>8,346,467</u>	<u>(7,360,769)</u>	<u>17,411,092</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except 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, increasing budgeted expenditures by \$15,707,236.

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

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.180471%	0.180730%	0.179319%	0.181116%	0.185006%	0.188997%
District's proportionate share of the net pension liability	\$ 10,450,450	11,437,000	11,945,000	11,398,000	9,140,000	7,495,000
District's covered payroll	\$ 13,728,814	13,594,625	13,388,578	13,001,120	12,676,372	12,385,218
District's proportionate share of the net pension liability as a percentage of its covered payroll	76.12%	84.13%	89.22%	87.67%	72.10%	60.52%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 1,301,299	1,296,000	1,214,000	1,017,000	1,161,000	1,132,000	1,106,000	1,055,000	983,000	829,000
Contributions in relation to the statutorily required contribution	\$ (1,301,299)	(1,296,000)	(1,214,000)	(1,017,000)	(1,161,000)	(1,132,000)	(1,106,000)	(1,055,000)	(983,000)	(829,000)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 13,784,947	13,728,814	13,594,625	11,388,578	13,001,120	12,676,372	12,385,218	12,168,397	12,180,917	11,928,058
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

	2020	2019	2018
Service cost	\$ 87,601	83,253	86,344
Interest cost	42,589	39,437	31,031
Differences between expected and actual experiences	(171,854)	-	-
Changes in assumptions	(122,492)	(4,269)	(43,602)
Benefit payments	(62,171)	(45,906)	(5,296)
Net change in total OPEB liability	(226,327)	72,515	68,477
Total OPEB liability beginning of year	1,119,985	1,047,470	978,993
Total OPEB liability end of year	<u>\$ 893,658</u>	<u>1,119,985</u>	<u>1,047,470</u>
Covered-employee payroll	\$ 10,495,620	11,298,623	7,859,667
Total OPEB liability as a percentage of covered-employee payroll	8.51%	9.91%	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, 2020	3.13%
Reporting period ended June 30, 2019	3.62%
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, 2020

	Special Revenue		
	Management Lewy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 940,880	218,268	1,159,148
Receivables:			
Property tax:			
Delinquent	4,169	-	4,169
Succeeding year	610,002	-	610,002
Accounts	-	90	90
Total assets	\$ 1,555,051	218,358	1,773,409
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	5,061	5,061
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property taxes	610,002	-	610,002
Fund balances:			
Restricted for:			
Management levy purposes	945,049	-	945,049
Student activities	-	213,297	213,297
Total fund balances	945,049	213,297	1,158,346
Total liabilities, deferred inflows of resources and fund balances	\$ 1,555,051	218,358	1,773,409

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, 2020

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 693,684	-	693,684
Other	32,850	502,419	535,269
State sources	7,396	-	7,396
Total revenues	<u>733,930</u>	<u>502,419</u>	<u>1,236,349</u>
Expenditures:			
Current:			
Instruction:			
Regular	8,991	-	8,991
Other	-	473,497	473,497
Support services:			
Administration	183,511	-	183,511
Operation and maintenance of plant	406,168	-	406,168
Transportation	37,634	-	37,634
Total expenditures	<u>636,304</u>	<u>473,497</u>	<u>1,109,801</u>
Change in fund balances	97,626	28,922	126,548
Fund balances beginning of year	<u>847,423</u>	<u>184,375</u>	<u>1,031,798</u>
Fund balances end of year	<u>\$ 945,049</u>	<u>213,297</u>	<u>1,158,346</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 3,576,013	115,059	3,691,072
Receivables:			
Property tax:			
Delinquent	-	4,194	4,194
Succeeding year	-	785,229	785,229
Due from other governments	175,226	-	175,226
Total assets	\$ 3,751,239	904,482	4,655,721
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 229,613	-	229,613
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	785,229	785,229
Fund balances:			
Restricted for:			
School infrastructure	3,521,626	-	3,521,626
Physical plant and equipment	-	119,253	119,253
Total fund balances	3,521,626	119,253	3,640,879
Total liabilities, deferred inflows of resources and fund balances	\$ 3,751,239	904,482	4,655,721

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, 2020

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	722,161	722,161
Other	608,744	7,656	616,400
State sources	2,079,412	7,408	2,086,820
Total revenues	<u>2,688,156</u>	<u>737,225</u>	<u>3,425,381</u>
Expenditures:			
Current:			
Support services:			
Instructional staff	7,500	-	7,500
Administration	76,316	33,236	109,552
Transportation	-	207,240	207,240
Capital outlay	3,971,652	1,684,544	5,656,196
Total expenditures	<u>4,055,468</u>	<u>1,925,020</u>	<u>5,980,488</u>
Deficiency of revenues under expenses	(1,367,312)	(1,187,795)	(2,555,107)
Other financing uses:			
Transfer out	<u>(749,331)</u>	<u>(503,350)</u>	<u>(1,252,681)</u>
Change in fund balances	(2,116,643)	(1,691,145)	(3,807,788)
Fund balances beginning of year	5,638,269	1,810,398	7,448,667
Fund balances end of year	<u>\$ 3,521,626</u>	<u>119,253</u>	<u>3,640,879</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfer	Balance End of Year
Talent Show	\$ 3,393	-	460	-	2,933
HS Theatre	3,892	636	1,004	(1,716)	1,808
MS Drama Club	1,913	347	704	-	1,556
HS Speech	164	-	1,863	1,716	17
MS Music	2,044	-	-	-	2,044
HS Vocal	9,084	3,818	3,067	-	9,835
MS Show Choir	490	-	-	-	490
Show Choir	51	27,559	20,127	-	7,483
MS Band	1,529	3,818	4,578	-	769
Band/Vocal Trip	42,829	32,031	-	-	74,860
SW Iowa Honor Band	320	-	-	-	320
Band	5,918	22,519	25,888	-	2,549
Cross Country Boys	444	5,463	5,907	-	-
Cross Country Girls	1	1,987	1,720	-	268
Cheerleading	5,830	-	-	-	5,830
Dance Team	-	19	-	-	19
Basketball Boys	-	26,563	22,834	-	3,729
Football	223	40,306	41,658	5,265	4,136
Soccer Boys	-	200	2,670	2,471	1
Baseball	1,149	16,361	14,642	-	2,868
Track Boys	1	18,453	19,559	1,105	-
Tennis Boys	60	186	246	-	-
Golf Boys	1	-	841	841	1
Wrestling	13	8,182	17,568	9,373	-
Basketball Girls	45	26,442	24,946	-	1,541
Volleyball	258	12,511	12,415	1,896	2,250
Soccer Girls	-	-	4,656	4,657	1
Softball	761	11,438	5,222	2,978	9,955
Track Girls	62	18,123	24,939	6,775	21
Tennis Girls	-	1,000	263	-	737
Golf Girls	1	-	1,451	1,468	18
Athletics	28,643	69,439	105,719	21,924	14,287
HS Annual	1,220	5,680	4,258	-	2,642
MS Annual	2,667	664	-	-	3,331
HS Art Club	240	231	-	-	471
HS Newspaper	2,150	180	360	-	1,970
Debate Team	73	-	-	-	73
Black & Gold Concessions	6,016	-	-	3,000	9,016
HS Gamers Club	349	-	-	-	349
Class of 2018	5	-	-	(5)	-
Class of 2021	-	-	4,570	8,132	3,562
Class of 2019	250	-	219	(31)	-
Class of 2020	10,115	50	1,154	(8,096)	915
FFA	2,686	7,406	5,691	-	4,401
Flag Corps	833	3,248	4,081	-	-
Spanish Club	713	-	-	-	713
Business Club	843	2,350	1,699	-	1,494
FCCLA	2,637	4,683	4,794	-	2,526
SADD	1,238	3,579	962	-	3,855
Ramily	4,231	839	2,501	-	2,569
MS Builders Club	2,207	682	1,062	-	1,827
HS Vocal Fundraiser	3,678	-	1,665	-	2,013
HS Band Fundraiser	10,379	6,409	16,788	-	-
MS Student Council	3,586	1,585	670	-	4,501
Book Club	571	-	15	-	556
Key Club	1,293	1,396	1,453	-	1,236
HS Student Council	1,718	1,315	1,748	-	1,285
National Honor Society	310	-	-	-	310
Trap Club	6,759	5,965	7,206	-	5,518
Cross Country Boys Fundraiser	510	2,455	1,477	-	1,488
Cross Country Girls Fundraiser	90	880	242	-	728
Cheerleading Fundraiser	-	14,278	15,314	1,407	371
Dance Team Fundraiser	1,320	5,496	9,741	2,925	-
Basketball Boys Fundraiser	143	157	-	-	300
Baseball Fundraiser	470	-	-	-	470
Wrestling Fundraiser	88	-	-	-	88
Basketball Girls Fundraiser	117	157	1	-	273
Volleyball Fundraiser	1,195	1,830	629	(1,896)	500
Softball Fundraiser	4,478	-	-	(2,978)	1,500
Video Board	-	81,462	20,250	(61,211)	1
Tennis Boys Fundraiser	78	-	-	-	78
Teammates	-	2,041	-	-	2,041
Total	\$ 184,375	502,419	473,497	-	213,297

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 INTERNAL SERVICE FUNDS
 COMBINING SCHEDULE OF NET POSITION
 JUNE 30, 2020

	Governmental Activities : Internal Service Funds		
	Partially Self-funded Insurance	Flex Benefits	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 1,786,562	5,860	1,792,422
Liabilities	-	-	-
Net Position			
Unrestricted	\$ 1,786,562	5,860	1,792,422

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, 2020

	Governmental Activities : Internal Service Funds		
	Partially Self-funded Insurance	Flex Benefit	Total
Operating revenues:			
Local sources:			
Miscellaneous	\$ 2,260,769	52,851	2,313,620
Operating expenses:			
Support Services:			
Administration:			
Services	2,320,772	-	2,320,772
Non-instructional programs:			
Other enterprise operations:			
Benefits	-	53,861	53,861
Total operating expenses	2,320,772	53,861	2,374,633
Operating loss	(60,003)	(1,010)	(61,013)
Non-operating revenues:			
Interest income	18,732	-	18,732
Change in net position	(41,271)	(1,010)	(42,281)
Net position beginning of year	1,827,833	6,870	1,834,703
Net position end of year	\$ 1,786,562	5,860	1,792,422

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

	Governmental Activities :		
	Internal Service Funds		
	Partially Self-funded Insurance	Flex Benefit	Total
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 2,260,769	52,851	2,313,620
Cash payments to employees for services	-	(53,861)	(53,861)
Cash payments to suppliers for goods or services	(2,320,772)	-	(2,320,772)
Net cash used in operating activities	(60,003)	(1,010)	(61,013)
Cash flows from investing activities:			
Interest on investments	18,732	-	18,732
Net decrease in cash and pooled investments	(41,271)	(1,010)	(42,281)
Cash and pooled investments beginning of year	1,827,833	6,870	1,834,703
Cash and pooled investments end of year	\$ 1,786,562	5,860	1,792,422
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (60,003)	(1,010)	(61,013)
Net cash used in operating activities	\$ (60,003)	(1,010)	(61,013)

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Local sources:										
Local tax	\$ 10,199,894	9,045,126	8,256,247	7,926,086	8,159,448	8,418,776	8,348,356	9,688,508	8,546,977	8,611,157
Tuition	1,037,578	1,024,408	1,535,550	1,023,481	909,599	1,203,001	1,475,584	1,164,015	1,249,364	1,257,704
Other	1,312,421	1,017,601	896,711	791,133	689,986	566,029	927,101	700,256	840,434	885,810
State sources	15,488,030	15,078,019	14,497,169	14,895,574	14,303,077	13,414,257	13,776,184	12,366,256	12,850,707	12,057,887
Federal sources	630,629	480,563	492,089	723,700	559,898	534,702	535,023	660,334	722,896	848,964
Total	\$ 28,668,552	26,645,717	25,677,766	25,359,974	24,622,008	24,136,765	25,062,248	24,579,369	24,210,378	23,661,522
Expenditures:										
Instruction:										
Regular	\$ 9,149,375	9,423,124	9,081,054	8,863,573	8,992,352	9,039,632	9,041,308	8,594,088	7,906,550	7,860,307
Special	2,653,125	2,763,330	3,139,036	2,836,078	2,979,909	3,436,470	3,219,688	3,085,550	3,054,927	3,161,016
Other	2,566,408	2,604,988	2,539,271	2,488,734	2,463,802	2,410,629	2,474,102	2,352,269	2,097,379	2,033,966
Support services:										
Student	636,580	615,593	649,739	626,581	704,981	689,691	662,303	638,268	643,567	598,761
Instructional staff	1,240,706	1,217,828	1,376,158	1,493,658	1,349,286	819,466	689,309	604,242	818,477	1,203,002
Administration	2,965,819	3,380,792	2,979,992	2,793,710	2,576,176	2,557,548	2,534,067	2,335,896	2,266,390	2,090,402
Operation and maintenance of plant	2,130,395	2,001,028	1,955,485	1,700,861	1,594,065	1,681,360	1,691,498	1,670,800	1,552,396	1,550,565
Transportation	1,057,195	877,456	1,145,200	895,957	1,130,795	983,413	968,875	1,160,136	1,134,770	1,012,038
Non-instructional programs	91	15,711	18,834	162	13,641	19,582	-	-	-	-
Capital outlay	5,656,196	2,922,589	167,520	461,502	1,335,018	3,039,369	1,437,305	625,326	759,783	1,506,734
Long-term debt:										
Principal	11,732,000	2,007,000	1,499,000	2,338,000	7,333,000	9,307,000	960,000	920,000	890,000	860,000
Interest	501,873	571,151	396,728	464,388	731,084	1,028,771	848,877	884,436	806,132	818,129
Other expenditures:										
AEA flowthrough	893,766	859,366	850,798	838,231	820,715	806,984	805,200	781,351	785,838	849,426
Total	\$ 41,183,529	29,259,956	25,798,815	25,801,435	32,024,824	35,819,915	25,332,532	23,652,362	22,716,209	23,544,346

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2020

GRANTOR/PROGRAM	PASS-THROUGH		
	CFDA NUMBER	ENTITY IDENTIFYING NUMBER	PROGRAM EXPENDITURES
DIRECT:			
DEPARTMENT OF EDUCATION:			
IMPACT AID	84.041	FY 20	\$ 50,546
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 20	56,732
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 20	708,551 *
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 20	29,636
			<u>794,919</u>
CHILD AND ADULT CARE FOOD PROGRAM	10.558	FY 20	<u>16,899</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
CACFP MEAL SERVICE TRAINING GRANTS	10.534	FY 20	<u>80</u>
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 20	<u>219,240</u>
SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367	FY 20	<u>43,766</u>
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424	FY 20	<u>2,262</u>
EDUCATION STABILIZATION FUND	84.425	FY 20	<u>180,980</u>
U.S. DEPARTMENT OF EDUCATION:			
GREEN HILLS AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 20	<u>92,486</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 19	474
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 20	10,811
			<u>11,285</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
IOWA DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
CHILD CARE DEVELOPMENT BLOCK GRANT	93.575	FY 20	<u>118,134</u>
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	FY 20	<u>2,376</u>
TOTAL			<u>\$ 1,532,973</u>

* - Includes \$103,930 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, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only 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 use a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of 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, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 29, 2021.

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 (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

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

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

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.

Members American Institute & Iowa Society of Certified Public Accountants

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

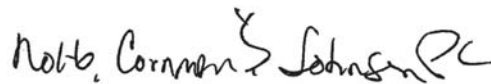
Glenwood Community School District's Responses to Findings

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 29, 2021
Newton, Iowa

NOLTE, CORNMAN & JOHNSON P.C.
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117 West 3rd Street North, Newton, Iowa 50208-3040
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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Board of Education of 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, 2020. 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, 2020.

Report on Internal Control Over Compliance

The 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-20 (2020-001), that we consider to be a material weakness.

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 29, 2021
Newton, Iowa

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

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) Material weaknesses 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-20 Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording 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) Receipts - posting and reconciling in the General and Student Activity Funds.
- 3) 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 will continue to work on segregation of duties and continue to look into different options available to districts to accomplish this.

Conclusion - Response accepted.

II-B-20 Supporting Documentation - Approval Process

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for clearly defined lines of authority and responsibility so that management and operating decisions are determined at the appropriate levels and requires general ledger control over all assets and transactions of all departments of the organization. Furthermore, Chapter 291.6 of the Code of Iowa identifies the duties of the District Secretary including *"File and preserve copies of all reports made and all papers transmitted pertaining to the business of the Corporation."* Properly designed policies and procedures and implementation of policies and procedures are an integral part of ensuring reliability and accuracy of the District's financial statements.

Condition - We noted the District received an SBA Paycheck Protection Program forgivable loan for \$96,909.22 in May 2020. The only supporting documentation available from the business office during fieldwork was a copy of the application for forgiveness, completed by the Superintendent, and a copy of an October 2020 email from bank personnel indicating forgiveness had been approved. The only District personnel included in the email correspondence were the Superintendent and the Day Care Coordinator. In a separate instance, we noted an Agreement and Limited Mutual Release (Agreement) between the District and Genesis Contracting Group (Genesis), HSR Associates, Inc. (HSR) and Thiele Geotech, Inc. (Thiele) (the Parties/Party) in connection with the soils exported and imported from the Glenwood Athletic Complex Improvements project. The Agreement required each Party, within 21 days of the effective date, to contribute to the District through a check written or a credit to the District the following amounts: Thiele \$10,000; HSR \$60,000 and Genesis \$30,000. The only supporting documentation available from the business office during fieldwork was a copy of the Agreement signed by the Superintendent representing the District and by only one of the other three parties and therefore, we were unable to determine the effective date. The Agreement appears to have been subsequently modified by the Superintendent, Operations Director and a project manager from HSR which also lacked supporting documentation. The District chose to forgive the agreed upon \$30,000 due from Genesis in exchange for additional services; however, we were unable to determine the additional services provided by Genesis due to lack of documentation. The lack of available documentation gives the impression the District's business office was not involved with all aspects of these transactions and appears to indicate a breakdown or deficiency in the District's internal controls. Furthermore, there is no documentation of these transactions being considered by or receiving approval from the Board of Directors.

Cause - It appears policies and procedures regarding the clear assignment of responsibilities and delegation of authority so that management and operating decisions are determined at the appropriate levels and general ledger control over all transactions of all departments of the organization have not been established, or are not always followed or enforced.

Effect - Without enforcement of established policies and procedures, management and operating decisions could be completed which lack proper authorization, lack adequate documentation to support the dealings, and increase the possibility of transactions being excluded from or improperly reflected in the District's general ledger.

Recommendation - The District's business office and School Business Official should be aware of all financial transactions the District conducts and should maintain supporting documentation sufficient to describe all aspects of the transactions in accordance with Chapter 291.6 of the Code of Iowa. The District should develop policies and procedures to clearly define lines of authority and responsibility so that management and operating decisions are determined at the appropriate levels and require general ledger control over all assets and transactions of all departments of the organization. Policies should be reviewed with District employees to ensure they are aware of expectations and that procedures are being followed.

Response - The District and finance director will continue to work with the coordinator of the daycare to ensure proper procedures are followed.

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: FY20
Federal Award Year: 2020
Prior Year Finding Number: III-A-19 (2019-001)
U.S. Department of Agriculture
Passed through the Iowa Department of Education

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

Part IV: Other Findings Related to Required Statutory Reporting:

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

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

- IV-C-20 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-20 Business Transactions - No business transactions between the District and District officials and employees were noted.
- IV-E-20 Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- IV-F-20 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-G-20 Board Minutes - Except for the following instances, we noted no transactions requiring Board approval which have not been approved by the Board. The Board of Education and District administration have a fiduciary responsibility to provide oversight of the District's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity. It appears proper fiduciary oversight was not exercised by the Board of Education and District administration regarding the transactions discussed in comment II-B-20.

Recommendation - Oversight by the Board of Education and the District administration is essential and should be an ongoing effort by all members. In the future, the Board of Education and the District administration should exercise due care and require and review pertinent information and documentation prior to making decisions impacting the District. Appropriate policies and procedures should be adopted, implemented and monitored to ensure compliance.

Response - The District will continue to work to ensure that all information is formally discussed and procedures followed involving the daycare.

Conclusion - Response accepted.

- IV-H-20 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of resident students reported was overstated by 3.0 students for the fall of 2019.

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

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

Conclusion - Response accepted.

- IV-I-20 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

- IV-J-20 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted. However, we noted instances of the District not receive the minimum interest rate, as set by the State Rate Setting Committee, on certificates of deposit.

Recommendation - The District should contact the appropriate bank to rectify the situation.

Response - The District did contact the bank to correct issues with interest rates and will continue to contact them each year.

Conclusion - Response accepted.

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

IV-M-20 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, 2020, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2020 audit:

Beginning balance		\$ 5,638,269
Revenues:		
Sales tax revenues	\$2,079,412	
Other local revenues	608,744	<u>2,688,156</u>
Expenditures/transfers out:		
School infrastructure construction	3,971,652	
Other	83,816	
Transfers to other funds:		
Debt service fund	749,331	<u>4,804,799</u>
Ending balance		<u>\$ 3,521,626</u>

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

	<u>Rate of Levy Reduction Per \$1,000 of Taxable Valuation</u>	<u>Property Tax Dollars Reduced</u>
Debt service levy	<u>\$ 0.46130</u>	<u>\$ 286,000</u>

IV-N-20 Inactive Student Activity Accounts - We noted several accounts within the Student Activity Fund which do not appear to be active accounts. These include the MS Music, Debate Team and HS Gamers Club. Each of these accounts has not been used in at least four years but each is still carrying a balance at year end.

Recommendation - The inactive accounts should be reviewed by the District. If the District determines that these accounts are inactive and no longer in use by the District the District should determine where to reallocate the remaining balances to other accounts within the Student Activity Fund with the approval of the Board of Education.

Response - The finance office will work with the activities director to follow up on these accounts and make the needed decisions on what the next steps will be.

Conclusion - Response accepted.

- IV-O-20 Contract Signature - We noted available documentation for the Paycheck Protection Program loan and Agreement discussed in comment II-B-20 were signed by the Superintendent representing the District. Chapter 291.1 of the Code of Iowa requires all contracts entered into by the District to be signed by the Board President.

Recommendation - The District should have the Board President sign all contracts entered into by the District in compliance with Chapter 291.1 of the Code of Iowa.

Response - The District will have the Board President sign all contracts entered into by the District.

Conclusion - Response accepted.

- IV-P-20 Forgone Revenue - As discussed in comment II-B-20, it appears the District chose to forgive the settlement amount due from Genesis in exchange for additional services; however, we were unable to determine the additional services provided by Genesis due to lack of documentation.

Recommendation - In the absence of supporting documentation of the additional services provided to the District, we question the public purpose served by forgoing the settlement amount contained in the Agreement. The District should request payment of the \$30,000 from Genesis as stipulated in the Agreement and Limited Mutual Release.

Response - The finance office will work with the operations department to justify the settlement amount forgiven for the extra hours and assistance that Genesis provided during the flood and construction of the activity complex in question.

Conclusion - Response accepted.