

SIOUX CENTER COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITORS' REPORT

JUNE 30, 2020

**SIoux CENTER COMMUNITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2020
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SIOUX CENTER COMMUNITY SCHOOL DISTRICT

LIST OF OFFICIALS

June 30, 2020

Board of Education

		Term Expires
Tim Gesink	President	2023
Jerod Work	Vice President	2021
Lorianne Anderson	Board Member	2021
Nathan Bullock	Board Member	2021
Scott Te Stroete	Board Member	2023

School Officials

Gary McEldowney	Superintendent	2021
Ardith Lein	District Secretary	2021
Dani Gradert	District Treasurer	2021



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INDEPENDENT AUDITORS' REPORT

To the Board of Education of
Sioux Center Community School District
Sioux Center, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sioux Center Community School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as 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 accounting principles generally accepted in the United States of America; 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sioux Center Community School District as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 13 to the financial statements, there was a \$25,402 adjustment made to the beginning net position for governmental activities due to an overstatement of public transportation expenses in the prior period. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, the Schedule of the District's Proportionate Share of Net Pension Liability, Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liabilities, Related Notes and Ratios on pages 5 through 13 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. We previously audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2019 (which are not presented herein) and expressed an unmodified opinion. The financial statements for the two years ended June 30, 2012, (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. The other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting

and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2021 on our consideration of the Sioux Center Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sioux Center Community School 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 the Sioux Center Community School District's internal control over financial reporting and compliance.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
March 23, 2021

SIoux CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS

The Sioux Center 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 \$16,101,799 in fiscal year 2019 to \$17,634,179 in fiscal year 2020, while General Fund expenditures increased from \$16,922,023 in fiscal year 2019 to \$17,345,374 in fiscal year 2020. The District's General Fund balance increased from \$980,648 in fiscal 2019 to \$1,294,855 in fiscal 2020, a 32.04% increase.
- The fiscal year 2020 increase in General Fund revenues was attributable to increases in state and local revenue. Federal revenue decreased from \$404,299 in fiscal year 2019 to \$357,493 in fiscal year 2020 mainly due to a decrease in special education funding. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits.

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

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

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, as well as presenting the Schedule of the District's Share of the Net Pension Liability and Schedule of the District Contributions to IPERS, as well as the District's total OPEB Liability.

Other Supplementary Information provides detailed information about the non-major 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-1
Sioux Center Community School District Annual Financial Report

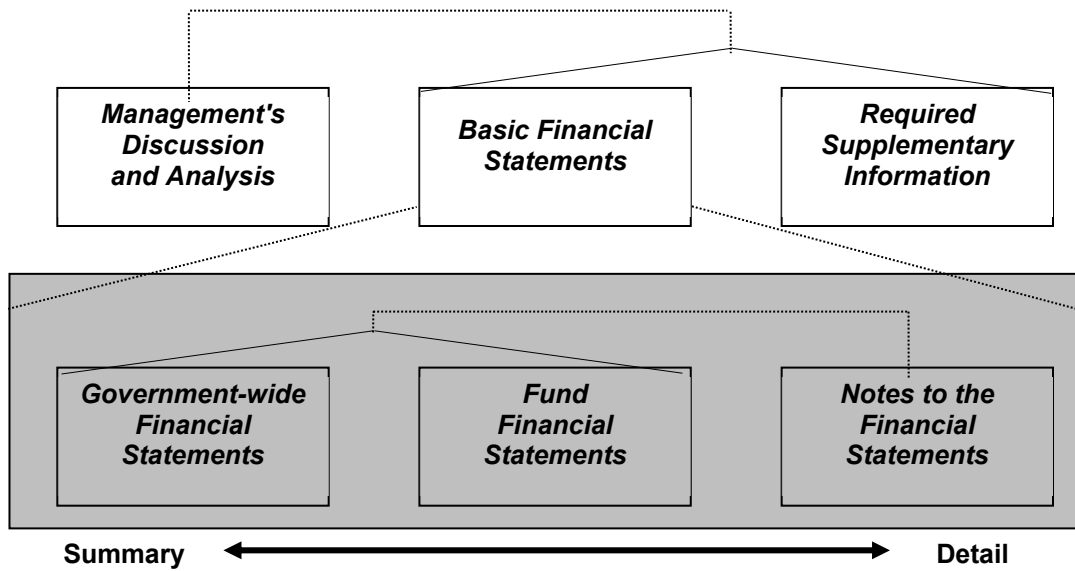


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The District has three kinds of funds:

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

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

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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

The required financial statements for proprietary fund includes a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

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

- **Private-Purpose Trust Fund** – The District accounts for outside donations for scholarships for individual students in this fund.

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

The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement of changes in fiduciary net position.

Reconciliations between the government-wide financial statements and the fund financial statements follow the 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 School District		Percentage Change
	2019	2020	2019	2020	2019	2020	2019-2020
Current and other assets	\$ 14,043,908	\$ 26,295,246	\$ 254,131	\$ 243,456	\$ 14,298,039	\$ 26,538,702	85.61%
Capital assets	30,070,661	50,129,264	72,004	62,847	30,142,665	50,192,111	66.52%
Total assets	44,114,569	76,424,510	326,135	306,303	44,440,704	76,730,813	72.66%
Deferred Outflows of Resources	3,367,325	3,283,976	66,117	73,972	3,433,442	3,357,948	(2.20)%
Long-term liabilities	25,664,092	52,994,559	177,473	207,611	25,841,565	53,202,170	105.88%
Other liabilities	2,769,257	5,641,895	33,535	54,782	2,802,792	5,696,677	103.25%
Total liabilities	28,433,349	58,636,454	211,008	262,393	28,644,357	59,025,391	106.06%
Deferred Inflows of Resources	9,570,364	11,016,058	8,575	29,227	9,578,939	11,045,285	15.31%
Net Position:							
Net Investment in Capital Assets	13,165,837	12,751,800	72,004	62,847	13,237,841	12,814,647	(3.20)%
Restricted	1,337,824	2,566,343	-	-	1,337,824	2,566,343	91.83%
Unrestricted	(5,025,480)	(5,262,169)	100,665	25,808	(4,924,815)	(5,236,361)	(6.32)%
TOTAL NET POSITION	\$ 9,478,181	\$ 10,055,974	\$ 172,669	\$ 88,655	\$ 9,650,850	\$ 10,144,629	5.11%

The District's combined total net position increased by 5.11%, or \$493,779 over the prior year. The largest portion of the District's net position is the net investment in capital assets (e.g., land, infrastructure, buildings and equipment, less the related debt). The debt related to the investment in capital assets is liquidated with sources other than capital assets. The majority of this change was due to the issuance of new debt and the new high school building project.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$1,228,519 or 91.83% over the prior year.

Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. This amount decreased \$311,546 or 6.32%. This decrease in unrestricted net position was primarily a result of an increase in general expenses.

Figure A-4 shows the change in net position for the years ended June 30, 2020 and 2019.

Figure A-4

	Change in Net Position						
	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2019	2020	2019	2020	2019	2020	2019-2020
Revenues							
Program Revenues:							
Charges for services	\$ 1,296,468	\$ 1,191,536	\$ 363,089	\$ 261,648	\$ 1,659,557	\$ 1,453,184	(12.40)%
Operating grants & contributions	3,145,767	3,250,818	386,421	454,228	3,532,188	3,705,046	4.89%
General Revenues:							
Property taxes	8,281,363	9,878,882	-	-	8,281,363	9,878,882	19.29%
Statewide Sales, Service, and Use Tax	1,332,376	1,382,111	-	-	1,332,376	1,382,111	3.73%
Unrestricted state grants	6,419,647	6,765,090	-	-	6,419,647	6,765,090	5.38%
Unrestricted investment earnings	46,191	119,386	2,156	1,033	48,347	120,419	149.07%
Other revenue	207,112	203,080	-	-	207,112	203,080	(1.90)%
Total Revenues	20,728,924	22,790,903	751,666	716,909	21,480,590	23,507,812	9.43%
Expenses:							
Instruction	13,356,946	13,694,499	-	-	13,356,946	13,694,499	2.53%
Support services	5,153,598	5,569,991	-	-	5,153,598	5,569,991	8.08%
Non-instructional programs	-	-	759,421	800,923	759,421	800,923	5.46%
Other expenditures	1,648,885	2,974,022	-	-	1,648,885	2,974,022	80.37%
Total expenses	20,159,429	22,238,512	759,421	800,923	20,918,850	23,039,435	10.14%
Change in net position, before transfers	569,495	552,391	(7,755)	(84,014)	561,740	468,377	(19.94)%
Transfers	22,318	-	(22,318)	-	-	-	-
CHANGE IN NET POSITION	591,813	552,391	(30,073)	(84,014)	561,740	468,377	(19.94)%
Net Position- beginning of year	8,886,368	9,478,181	202,742	172,669	9,089,110	9,650,850	4.83%
Prior Period Adjustment	-	25,402	-	-	-	25,402	100.00%
Net Position- beginning of year, as restated	8,886,368	9,503,583	202,742	172,669	9,089,110	9,676,252	6.46%
Net Position- end of year	<u>\$ 9,478,181</u>	<u>\$ 10,055,974</u>	<u>\$ 172,669</u>	<u>\$ 88,655</u>	<u>\$ 9,650,850</u>	<u>\$ 10,144,629</u>	<u>5.11%</u>

In fiscal year 2020, property tax and unrestricted state grants accounted for 71.19% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 83.62% of the total expenses.

The District's total revenues were \$23,507,812 of which \$22,790,903 was for governmental activities and \$716,909 was for business type activities.

As shown in figure A-4, the District as a whole experienced an 9.43% increase in revenues and a 10.14% increase in expenses.

Governmental Activities

Revenues for governmental activities were \$22,790,703 and expenses were \$22,238,512.

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.

Figure A-5

	Total Cost of Services			Net Cost of Services		
	2019	2020	Percent Change 2019-2020	2019	2020	Percent Change 2019-2020
Instruction	\$ 13,356,946	\$ 13,694,499	2.53%	\$ 9,942,472	\$ 10,317,505	3.77%
Support Services	5,153,598	5,569,991	8.08%	4,808,655	5,221,120	8.58%
Other Expenses	1,648,885	2,974,022	80.37%	966,067	2,257,533	133.68%
TOTAL	\$ 20,159,429	\$ 22,238,512	10.31%	\$ 15,717,194	\$ 17,796,158	13.23%

For the year ended June 30, 2020:

- The cost financed by users of the District's programs was \$1,191,536. Most of these revenues are derived from tuition charged to other school districts and from student activities.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$3,250,818.
- The net cost of governmental activities was financed with \$11,260,993 in property and local other taxes and \$6,765,090 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$716,909 and expenses were \$800,923. The District's business type activity includes the School Nutrition Fund. Revenue for this activity was comprised of charges for service, federal and state reimbursements and investment income.

During the year ending June 30, 2020, the District did not increase meal prices.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Sioux Center 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 a combined fund balance of \$8,729,646 higher than last year's restated ending fund balance of \$1,700,589. This increase comes from a higher cash reserve levy and increased cash available in the school project fund.

Governmental Fund Highlights

- The District's General Fund financial position is the result of many factors. Growth during the year in tax and grants, also in student count, resulted in an increase in revenues. The District's expenditures were lower than revenues by \$288,805. The District had an increase of 86 students.
- Capital projects are continuously being completed in the District. The District issued bonds in fiscal year 2020 resulting in an increase in the School Project Fund from (\$56,186) in 2019 to \$6,997,861 in 2020. These funds were used primarily for the new high school construction costs.
- The Management Fund balance decreased from \$199,327 to \$112,740 in fiscal 2020 primarily due to a reduced levy.
- The Physical Plant and Equipment Levy (PEEL) Fund balance increased from \$45,108 to \$469,819 in fiscal 2020. While revenues increased by \$52,616, the District's expenditures decreased by \$682,894.

- The Statewide Sales, Services and Use Tax Fund balance increased from \$16,831 to \$849,665 in fiscal 2020. Revenues increased by \$66,172, while expenditures decreased by \$329,438.
- The Debt Service Fund Balance increased from \$296,759 at the end of fiscal year 2019 to \$520,015 at the end of fiscal year 2020. The District adjusted the debt service levy in fiscal year 2020 to accommodate increased bond payments.

Proprietary Fund Highlights

- School Nutrition Fund net position decreased from \$172,669 at June 30, 2019 to \$88,655 at June 30, 2020, mainly due to the net pension liability. For fiscal 2020 the District did not increase meal prices.

BUDGETARY HIGHLIGHTS

The District's receipts were \$17,339,160 less than budgeted receipts. The most significant variance was due to bond proceeds being budgeted in the other local sources revenue category.

Total actual expenditures exceeded budgeted expenditures by \$3,671,553 in 2020.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following a required public notice and hearing. The budget may be amended during the year utilizing statutorily prescribed procedures. During 2020, there were no budget amendments made to the original budget. The District's budget is prepared on the accrual basis. During the year, expenditures did exceed the certified amounts in non-instructional programs and other expenditures. Details can be found in the required supplementary information section of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had invested approximately \$50.1 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) More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$1,044,443.

Figure A-6

	Capital Assets (net of depreciation)						
	Governmental		Business type		Total		Percentage
	Activities		Activities		School District		Change
	2019	2020	2019	2020	2019	2020	2019-2020
Land	\$ 684,990	\$ 684,990	\$ -	\$ -	\$ 684,990	\$ 684,990	0.00%
Construction in progress	1,740,288	22,119,491	-	-	1,740,288	22,119,491	1,171.02%
Buildings	25,724,714	25,414,803	-	-	25,724,714	25,414,803	(1.20)%
Improvements	673,808	739,155	-	-	673,808	739,155	9.70%
Equipment & furniture	1,246,861	1,170,825	72,004	62,847	1,318,865	1,233,672	(6.46)%
TOTAL	\$ 30,070,661	\$ 50,129,264	\$ 72,004	\$ 62,847	\$ 30,142,665	\$ 50,192,111	66.52%

Long-Term Debt

At June 30, 2020 the District had \$43,562,000 in general obligation, revenue and other long-term debt outstanding. This represents an increase of approximately 158.94% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 8 to the financial statements.

The constitution of the State of Iowa limits the amount of debt school districts can issue to 5% of the assessed value of all taxable property within the district. The District's outstanding bonded and note indebtedness is nearing its constitutional debt limit of approximately \$46,205,450.

Figure A-7

	Outstanding Long-Term Obligations		Percentage
	Total School District		Change
	2019	2020	2019-2020
General obligation bonds	\$ 14,150,000	\$ 41,309,000	191.94%
Unamortized bond premium	196,511	1,149,376	484.89%
Revenue Bonds	2,673,000	2,253,000	(15.71)%
Note Payable	353,813	-	(100.00)%
Compensated absences	65,937	82,653	25.35%
Termination Benefits	-	60,000	100.00%
Net Pension Liability	8,063,135	7,910,738	(1.89)%
Total OPEB Liability	339,169	437,403	28.96%
	<u>\$ 25,841,565</u>	<u>\$ 53,142,170</u>	<u>105.65%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Capital projects are continuously being completed by the District. During the 2020 fiscal year, the District issued \$28,764,000 of general obligation debt to fund the construction of the new high school building.
- The District negotiated a 3.20% settlement in salaries and benefits for the 2020-2021 school year. The district will negotiate a new agreement during fiscal 2021 for fiscal year 2022. If the settlement is in excess of "new money" or allowable growth in state funding, it will have an adverse effect on the District's General Fund budget and related fund balance.
- The District will receive an additional \$118,000 of ESSER and GEER funds for COVID-19 relief. The District will also receive about \$20,000 in grant money from Sioux Rivers Regional Mental Health & Disabilities Services for COVID-19 CARES Act money. Many legislative changes are occurring at the state level, leaving numerous things in regard to the education of our students and how the state will finance that education uncertain.
- Due to COVID-19, the District will see a decrease in future Sales Tax revenue, due to decreased sales and spending by district constituents.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact: Jeana Van Voorst, District Treasurer and Business Manager, Sioux Center Community School District, 550 9th Street NE, Sioux Center, Iowa, 51250.

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 15,015,273	\$ 200,068	\$ 15,215,341
Receivables:			
Property Tax	157,559	-	157,559
Succeeding Year Property Tax	9,865,230	-	9,865,230
Income Surtax	527,481	-	527,481
Due from Other Governments	729,703	23,009	752,712
Inventories	-	20,379	20,379
Land	684,990	-	684,990
Construction in Progress	22,119,491	-	22,119,491
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	27,324,783	62,847	27,387,630
Total Assets	76,424,510	306,303	76,730,813
DEFERRED OUTFLOWS OF RESOURCES			
OPEB Related Deferred Outflows	143,944	3,970	147,914
Pension Related Deferred Outflows	2,719,176	70,002	2,789,178
Debt Related Deferred Outflow	420,856	-	420,856
Total Deferred Outflows of Resources	3,283,976	73,972	3,357,948
LIABILITIES			
Accounts Payable	3,662,793	18,469	3,681,262
Salaries and Benefits Payable	1,651,014	3,171	1,654,185
Accrued Interest Payable	213,509	-	213,509
Unearned Revenue	114,579	33,142	147,721
Noncurrent Liabilities:			
Due Within One Year:			
General Obligation Bonds	2,034,258	-	2,034,258
Compensated Absences	47,112	-	47,112
Termination Benefits	12,000	-	12,000
Due in More Than One Year:			
General Obligation Bonds	40,424,118	-	40,424,118
Revenue Bonds	2,253,000	-	2,253,000
Compensated Absences	35,541	-	35,541
Termination Benefits	48,000	-	48,000
Net Pension Liability	7,714,866	195,872	7,910,738
Total OPEB Liability	425,664	11,739	437,403
Total Liabilities	58,636,454	262,393	58,898,847
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue:			
Subsequent Year Property Taxes	9,865,230	-	9,865,230
OPEB Related Deferred Inflows	4,068	112	4,180
Pension Related Deferred Inflows	1,146,760	29,115	1,175,875
Total Deferred Inflows of Resources	11,016,058	29,227	11,045,285
NET POSITION			
Net Investment in Capital Assets	12,751,800	62,847	12,814,647
Restricted for:			
Categorical Funding	557,528	-	557,528
Management Levy	112,740	-	112,740
School Infrastructure	934,470	-	934,470
Physical Plant and Equipment	469,819	-	469,819
Debt Service	306,506	-	306,506
Other Special Revenue Purposes	185,280	-	185,280
Unrestricted (Deficit)	(5,262,169)	25,808	(5,236,361)
Total Net Position	\$ 10,055,974	\$ 88,655	\$ 10,144,629

See Accompanying Notes to Financial Statements

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants Contributions
Primary Government:			
Governmental Activities:			
Instruction:			
Regular Instruction	\$ 8,199,765	\$ 500,811	\$ 1,651,304
Special Instruction	4,305,423	444,461	504,124
Other Instruction	1,189,311	223,614	52,680
Support Services:			
Student Services	615,726	-	-
Instructional Staff Services	1,233,331	-	146,478
Administration Services	1,535,899	-	-
Operation and Maintenance	1,479,012	22,650	-
Transportation Services	706,023	-	179,743
Other Expenditures:			
Facilities Acquisition and Construction Services	775,222	-	-
Long-term Debt Interest	1,482,311	-	-
AEA Flowthrough	716,489	-	716,489
Total governmental activities	<u>22,238,512</u>	<u>1,191,536</u>	<u>3,250,818</u>
Business Type Activity:			
Non-instructional Programs:			
Food Service Operations	<u>800,923</u>	<u>261,648</u>	<u>454,228</u>
Total Primary Government	<u>\$ 23,039,435</u>	<u>\$ 1,453,184</u>	<u>\$ 3,705,046</u>
General Revenues:			
Property Tax Levied For:			
General Purposes			
Debt Service			
Capital Outlay			
Statewide sales, service and use tax			
Unrestricted State Grants			
Unrestricted Investment Earnings			
Miscellaneous			
Total general revenues			
Change in net position			
Net Position - Beginning			
Prior Period Adjustment			
Net Position - Beginning, as restated			
Net Position - ending			

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (6,047,650)	\$ -	\$ (6,047,650)
(3,356,838)	-	(3,356,838)
(913,017)	-	(913,017)
(615,726)	-	(615,726)
(1,086,853)	-	(1,086,853)
(1,535,899)	-	(1,535,899)
(1,456,362)	-	(1,456,362)
(526,280)	-	(526,280)
(775,222)	-	(775,222)
(1,482,311)	-	(1,482,311)
-	-	-
<u>(17,796,158)</u>	<u>-</u>	<u>(17,796,158)</u>
-	(85,047)	(85,047)
<u>\$ (17,796,158)</u>	<u>\$ (85,047)</u>	<u>\$ (17,881,205)</u>
6,625,522	-	6,625,522
2,435,510	-	2,435,510
817,850	-	817,850
1,382,111	-	1,382,111
6,765,090	-	6,765,090
119,386	1,033	120,419
203,080	-	203,080
<u>18,348,549</u>	<u>1,033</u>	<u>18,349,582</u>
552,391	(84,014)	468,377
9,478,181	172,669	9,650,850
25,402	-	25,402
<u>9,503,583</u>	<u>172,669</u>	<u>9,676,252</u>
<u>\$ 10,055,974</u>	<u>\$ 88,655</u>	<u>\$ 10,144,629</u>

See Accompanying Notes to Financial Statements

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General	Debt Service
Assets		
Cash and Pooled Investments	\$ 2,754,593	\$ 488,469
Receivables:		
Property Tax	102,144	40,555
Succeeding Year Property Tax	6,282,119	2,521,413
Income Surtax	527,481	-
Due from Other Governments	613,203	-
Total Assets	<u>10,279,540</u>	<u>3,050,437</u>
Liabilities		
Accounts Payable	389,612	-
Salaries and Benefits Payable	1,651,014	-
Termination Benefits	-	-
Unearned Revenue	114,579	-
Total Liabilities	<u>2,155,205</u>	<u>-</u>
Deferred Inflows of Resources		
Unavailable Revenue:		
Subsequent Year Property Taxes	6,282,119	2,521,413
Delinquent Property Tax	19,880	9,009
Income Surtax	527,481	-
Total Deferred Inflow of Resources	<u>6,829,480</u>	<u>2,530,422</u>
Fund Balances		
Restricted for:		
Categorical Funding	557,528	-
Debt Service	-	520,015
Management Levy Purposes	-	-
Student Activities	-	-
School Infrastructure	-	-
Physical Plant and Equipment	-	-
Unassigned	737,327	-
Total Fund Balances	<u>1,294,855</u>	<u>520,015</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,279,540</u>	<u>\$ 3,050,437</u>

See Accompanying Notes to Financial Statements

Capital Project		
High School Project	Other Governmental Funds	Total Governmental Funds
\$ 9,930,368	\$ 1,841,843	\$ 15,015,273
-	14,860	157,559
-	1,061,698	9,865,230
-	-	527,481
-	116,500	729,703
9,930,368	3,034,901	26,295,246
2,932,507	340,674	3,662,793
-	-	1,651,014
-	12,000	12,000
-	-	114,579
2,932,507	352,674	5,440,386
-	1,061,698	9,865,230
-	3,025	31,914
-	-	527,481
	1,064,723	10,424,625
-	-	557,528
-	-	520,015
-	112,740	112,740
-	185,280	185,280
6,997,861	849,665	7,847,526
-	469,819	469,819
-	-	737,327
6,997,861	1,617,504	10,430,235
\$ 9,930,368	\$ 3,034,901	\$ 26,295,246

See Accompanying Notes to Financial Statements

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds (page 18)	\$ 10,430,235
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	50,129,264
Debt related deferred outflows of resources are reported in the governmental activities but are not reported in the governmental funds as they do not provide current economic resources.	420,856
Unavailable revenues from the balance sheet that provide current financial resources for governmental activities.	559,395
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(213,509)
Accrued compensated absences not reported on the modified accrual basis.	(82,653)
Pension 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	2,863,120
Deferred Inflows of Resources	(1,150,828)
Long-term liabilities, including bonds payable, termination benefits, net pension liability and other postemployment benefits payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	<u>(52,899,906)</u>
Total Net Position - Governmental Activities (page 14)	<u>\$ 10,055,974</u>

See Accompanying Notes to Financial Statements

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

			<u>Capital Project</u>			
	<u>General</u>	<u>Debt Service</u>	<u>High School Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
Revenue:						
Local Sources:						
Local Tax	\$ 6,053,795	\$ 2,435,509	\$ -	\$ 2,302,633	\$ 10,791,937	
Tuition	882,492	-	-	-	882,492	
Other	258,492	5,466	84,805	267,252	616,015	
State Sources	10,081,907	-	-	-	10,081,907	
Federal Sources	357,493	-	-	-	357,493	
Total Revenue	17,634,179	2,440,975	84,805	2,569,885	22,729,844	
Expenditures:						
Governmental Activities:						
Instruction:						
Regular Instruction	7,098,871	-	-	330,810	7,429,681	
Special Instruction	4,129,013	-	-	-	4,129,013	
Other Instruction	756,704	-	-	250,596	1,007,300	
Support Services:						
Student Services	571,178	-	-	-	571,178	
Instructional Staff Services	990,818	-	-	374,114	1,364,932	
Administration Services	1,471,440	-	-	-	1,471,440	
Operation and Maintenance	1,031,394	-	-	331,991	1,363,385	
Transportation Services	579,467	-	-	957	580,424	
Other Expenditures:						
Facilities Acquisition and Construction	-	-	20,448,658	965,403	21,414,061	
Long-term Debt:						
Principal	-	2,378,813	-	-	2,378,813	
Interest and Fiscal Charges	-	874,583	461,805	-	1,336,388	
AEA Flowthrough	716,489	-	-	-	716,489	
Total Expenditures	17,345,374	3,253,396	20,910,463	2,253,871	43,763,104	
Excess (Deficiency) of Revenues Over Expenditures	288,805	(812,421)	(20,825,658)	316,014	(21,033,260)	
Other Financing Sources (Uses):						
Transfers In	-	1,035,677	-	1,363,360	2,399,037	
Transfers Out	-	-	(1,883,201)	(515,836)	(2,399,037)	
Proceeds from GO Bonds	-	-	28,764,000	-	28,764,000	
Premium on GO Bonds	-	-	998,906	-	998,906	
Total Other Financing Sources (Uses)	-	1,035,677	27,879,705	847,524	29,762,906	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	288,805	223,256	7,054,047	1,163,538	8,729,646	
Fund Balances - Beginning	980,648	296,759	(56,186)	453,966	1,675,187	
Prior Period Adjustment	25,402	-	-	-	25,402	
Fund Balances - Beginning, as restated	1,006,050	296,759	(56,186)	453,966	1,700,589	
Fund Balances - End of Year	\$ 1,294,855	\$ 520,015	\$ 6,997,861	\$ 1,617,504	\$ 10,430,235	

See Accompanying Notes to Financial Statements

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

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

Net change in fund balances - total governmental funds (page 20) \$ 8,729,646

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 21,096,356	
Depreciation expense	<u>(1,035,286)</u>	20,061,070

Governmental funds report only the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain or loss on the sale or disposal of capital assets. This is the effect on the change in net position on the statement of activities. (2,467)

Governmental funds report the effect of bond premiums when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.

Bond Premiums Issued	(998,906)	
Amortization of Bond Premium	<u>46,041</u>	(952,865)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements. 61,059

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

Pension expense	(689,795)	
Early retirement	(48,000)	
Other postemployment benefits	(12,390)	
Compensated Absences	<u>(16,716)</u>	(766,901)

The effect of debt related deferred outflows of resources when new debt is issued to refund old debt, whereas, these amounts are deferred and amortized in the Statement of Activities. (47,644)

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. (144,320)

Proceeds from the issuance of long-term liabilities provide current financial resources to governmental funds, but the issuance of 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.

Long-term debt issued		(28,764,000)
Principal paid		<u>2,378,813</u>

Change in net position of governmental activities (page 16) \$ 552,391

See Accompanying Notes to Financial Statements

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
MAJOR PROPRIETARY FUND
JUNE 30, 2020**

	Schoon Nutrition Fund
ASSETS	
Current Assets:	
Cash and Pooled Investments	\$ 200,068
Accounts Receivable	23,009
Inventories	20,379
Total Current Assets	<u>243,456</u>
Noncurrent Assets:	
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	62,847
Total Noncurrent Assets	<u>62,847</u>
Total Assets	<u>306,303</u>
Deferred Outflows of Resources	
OPEB Related Deferred Outflows	3,970
Pension Related Deferred Outflows	70,002
Total	<u>73,972</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	18,469
Salaries and Benefits Payable	3,171
Unearned Revenue	33,142
Total Current Liabilities	<u>54,782</u>
Noncurrent Liabilities	
Total OPEB Liability	11,739
Net Pension Liability	195,872
Total Noncurrent Liabilities	<u>207,611</u>
Total Liabilities	<u>262,393</u>
Deferred Inflows of Resources	
OPEB Related Deferred Inflows	112
Pension Related Deferred Inflows	29,115
Total	<u>29,227</u>
NET POSITION	
Net Investment in Capital Assets	62,847
Unrestricted	25,808
Total Net Position	<u><u>\$ 88,655</u></u>

See Accompanying Notes to Financial Statements

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
MAJOR PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	School Nutrition Fund
Operating Revenues:	
Charges for services	\$ 260,336
Miscellaneous	1,312
Total Operating Revenue	<u>261,648</u>
Operating Expenses:	
Food Service Operations:	
Salaries	305,233
Benefits	104,121
Supplies	382,412
Depreciation	9,157
Total Operating Expenses	<u>800,923</u>
Operating (Loss)	<u>(539,275)</u>
Non-Operating Revenues (Expenses):	
Interest Income	1,033
State Lunch Reimbursements	5,825
National School Lunch Program	383,652
Federal Food Commodities Received	64,751
Total Non-Operating Revenues	<u>455,261</u>
Change in net position	<u>(84,014)</u>
Net Position - Beginning of Year	<u>172,669</u>
Net Position - End of Year	<u><u>\$ 88,655</u></u>

See Accompanying Notes to Financial Statements

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	School Nutrition Fund
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 259,898
Cash payments for salaries and benefits	(363,254)
Cash payments for goods and services	(327,906)
Total cash (used) by operating activities	<u>(431,262)</u>
Cash flows from non-capital financing activities:	
Federal and state appropriations received	389,477
Total cash provided by noncapital financing activities	<u>389,477</u>
Cash flows from investing activities:	
Interest on investments	1,033
Net decrease in cash and cash equivalents	<u>(40,752)</u>
Cash and cash equivalents - beginning of year	240,820
Cash and cash equivalents - end of year	<u><u>\$ 200,068</u></u>
Reconciliation of operating (loss) to net cash used by operating activities:	
Operating (loss)	\$ (539,275)
Adjustments to reconcile net operating loss to net cash (used) by operating activities:	
Depreciation Expense	9,157
Commodities Used	64,751
(Increase) decrease in assets and deferred outflows of resources and increase (decrease) in liabilities and deferred inflows of resources:	
Accounts Receivable	(21,187)
Inventory	(8,890)
Accounts Payable	(1,356)
Salaries and Benefits Payable	3,165
Unearned Revenue	19,438
Net Pension Liability	27,102
Total OPEB Liability	3,036
Deferred Outflows of Resources	(7,855)
Deferred Inflows of Resources	20,652
Net cash (used) by operating activities	<u><u>\$ (431,262)</u></u>
Supplemental schedule of noncash investing, capital, and related financing activities:	
Federal food commodities received	<u><u>\$ 64,751</u></u>

See Accompanying Notes to Financial Statements

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2020**

	Private Purpose Trust Scholarship
Assets:	
Cash and Cash Equivalents	\$ 23,445
Total Assets	<u>23,445</u>
Net Position:	
Reserved for scholarships	<u>\$ 23,445</u>

See Accompanying Notes to Financial Statements

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Private Purpuse Trust Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 12,500
Interest income	190
Total additions	<u>12,690</u>
Deductions:	
Regular:	
Scholarships awarded	<u>15,778</u>
Change in net position	<u>(3,088)</u>
Net position beginning of year	<u>26,533</u>
Net position end of year	<u><u>\$ 23,445</u></u>

See Accompanying Notes to Financial Statements

SIoux CENTER COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sioux Center 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 vocational and recreational courses. The geographic area served includes the City of Sioux Center, Iowa and a large part of the agricultural community in Sioux 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, Sioux Center 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 Sioux Center Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

The Statement of Net Position presents the District's nonfiduciary assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Net positions are 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 two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The District reports the following major governmental funds:

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

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The High School Project Fund is a capital project fund that accounts for the new high school being built.

The District reports the following major proprietary fund:

The District's major proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operation of the District.

Additionally, the District reports the following fund types:

Fiduciary Funds – Fiduciary Funds focus on net assets and changes in net assets. The District's fiduciary fund is as follows:

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

C. Basis of Accounting/Measurement Focus

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.

When an expense is incurred for government-wide activities, which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expense towards the most restricted net position and then to the less-restricted net position.

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

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

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

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

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 non-negotiable certificates of deposit which are stated at cost. 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, have a maturity date no longer than three months.

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Capital Assets – Capital assets, which include property, furniture, and equipment and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following threshold and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	50,000
Improvements other than buildings	50,000
Intangibles	100,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	2,500

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	40 – 65
Improvements other than buildings	15 – 40
Intangibles	3 – 10
Furniture and equipment	5 – 7

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

Unearned Revenue – Unearned revenue in the Statement of Net Position consists of unused hot lunch revenue and unspent grant proceeds.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District reported pension related, OPEB related, and debt related deferred outflows in the government-wide statements. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become due.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has subsequent year property taxes, delinquent property taxes, and income surtax recorded in governmental funds as deferred inflow of resources. The governmental activities in the government-wide statements report unavailable revenues from subsequent year property taxes as well as pension related and OPEB related deferred inflows. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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.

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.

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned – Amounts the district intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

Unassigned – All amounts not included in other spendable classification.

Restricted Net Position – In the government-wide Statement of Net Position, net positions are reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

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

NOTE 2 – CASH AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to 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; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Custodial Credit Risk – The District has no policy in place regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The District does have a formal investment policy that limits investment maturities to 397 days or less.

The district had no investments meeting the disclosure requirements of GASB No. 72

NOTE 3 – 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 \$716,489 for the year ended June 30, 2020 and is recorded in the General Fund.

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

NOTE 4 – INTERFUND TRANSFERS

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

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Debt Service	PPEL	\$ 31,684
Debt Service	SILO	484,152
Debt Service	High School Project	519,841
SILO	High School Project	1,228,968
PPEL	High School Project	134,392
Total		<u>\$ 2,399,037</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

NOTE 5 – CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 684,990	\$ -	\$ -	\$ 684,990
Construction in Progress	1,740,288	20,379,203	-	22,119,491
Total capital assets not being depreciated	<u>2,425,278</u>	<u>20,379,203</u>	<u>-</u>	<u>22,804,481</u>
Capital assets being depreciated:				
Buildings	33,028,546	417,418	5,286	33,440,678
Improvements other than buildings	912,708	120,596	-	1,033,304
Furniture and equipment	2,850,588	179,139	17,922	3,011,805
Total assets being depreciated	<u>36,791,842</u>	<u>717,153</u>	<u>23,208</u>	<u>37,485,787</u>
Less: Accumulated Depreciation for:				
Buildings	7,303,832	724,862	2,819	8,025,875
Improvements other than buildings	238,900	55,249	-	294,149
Furniture and equipment	1,603,727	255,175	17,922	1,840,980
Total Accumulated depreciation	<u>9,146,459</u>	<u>1,035,286</u>	<u>20,741</u>	<u>10,161,004</u>
Total capital assets being depreciated, net	<u>27,645,383</u>	<u>(318,133)</u>	<u>2,467</u>	<u>27,324,783</u>
Governmental activities capital assets, net	<u>\$ 30,070,661</u>	<u>\$ 20,061,070</u>	<u>\$ 2,467</u>	<u>\$ 50,129,264</u>

Construction in progress at June 30, 2020 for the governmental activities consisted of costs associated with the engineering and construction for the new high school building project.

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Business Type Activities				
Furniture and equipment	\$ 251,296	\$ -	\$ -	\$ 251,296
Less: Accumulated depreciation	179,292	9,157	-	188,449
Business Type Activities capital assets, net	\$ 72,004	\$ (9,157)	-	\$ 62,847

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:

Regular Instruction	\$ 425,735
Special Instruction	1,799
Other Instruction	145,283
Student Services	15,643
Administration	462
Instructional Staff Services	3,487
Operation and Maintenance	142,129
Transportation Services	107,238
Facilities & Acquisition	193,510
Total depreciation expense - governmental activities	<u>\$ 1,035,286</u>

Business-type activities:

Food Service Operations	<u>\$ 9,157</u>
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Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-type Activities
Land	\$ 684,990	\$ -
Construction in Progress	22,119,491	-
Capital Assets (net of accumulated depreciation)	27,324,783	62,847
Debt Related Deferred Outflow	420,856	-
Unspent Bond Proceeds	9,845,563	-
Less: General Obligation Bonds Payable	(42,458,376)	-
Revenue Bonds Payable	(2,253,000)	-
Contract & Retainage Payable	(2,932,507)	-
Invested in Capital Assets, Net of Related Debt	<u>\$ 12,751,800</u>	<u>\$ 62,847</u>

NOTE 6 – 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 7401 Register Drive, 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 informational purposes only. Refer to the plan documents for more information.

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

NOTE 6 – PENSION PLAN (CONTINUED)

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

The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used 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 starting 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. 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%, for a total rate of 15.73%

The District's total contributions to IPERS for the year ended June 30, 2020 were \$1,032,406.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the District reported a liability of \$7,910,738 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 the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2019, the District's collective proportion was 0.1366121%, which was an increase of 0.0091971% from its proportion measured as of June 30, 2018.

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

NOTE 6 – PENSION PLAN (CONTINUED)

For the year ended June 30, 2020, the District recognized pension expense of \$1,764,456. 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	\$ 21,931	\$ 284,429
Changes of assumptions	847,355	-
Net difference between projected and actual earnings on pension plan investments	-	891,446
Changes in proportion and difference between District contributions and proportionate share of contributions	887,486	-
District contributions subsequent to the measurement date	1,032,406	-
Total	<u>\$ 2,789,178</u>	<u>\$ 1,175,875</u>

\$1,032,406 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 ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ending
June 30,**

2021	\$ 446,257
2022	67,640
2023	69,567
2024	(29,128)
2025	26,561
	<u>\$ 580,897</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
Salary Increases (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% per annum, compounded annually, net of pension plan investment expense, and including inflation
Wage Growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

NOTE 6 – PENSION PLAN (CONTINUED)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies 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 pension plan 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	100.00%	

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, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan 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 7.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate.

	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
District's proportionate share of the net Pension liability	\$ 14,046,915	\$ 7,910,738	\$ 2,763,778

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report which is available on IPERS' website at www.ipers.org.

Payables to the pension plan – At June 30, 2020, the District reported no amounts remaining to be paid for wages paid through June 30, 2020 to the defined benefit pension plan.

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS

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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>227</u>
Total	<u>230</u>

Total OPEB Liability – The District's total OPEB liability of \$437,403 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

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

Rates of inflation (effective June 30, 2019)	3.0% per annum
Rates of salary increase (effective June 30, 2019)	3.0% per annum
Discount rate (effective July 1, 2019)	3.50% compounded annually, including inflation
Healthcare cost trend rate (effective June 30, 2019)	5.0% per year

Discount Rate – The discount rate used to measure the total OPEB liability was 3.50% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables adjusted to 2006 with MP-2019 generational adjustments.

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

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 339,169
Changes for the year:	
Service cost	22,103
Interest	15,528
Differences between expected and actual experiences	102,422
Changes in assumptions	1,737
Benefit payments	(43,556)
Net Changes	98,234
Total OPEB liability end of year	\$ 437,403

Changes in assumptions reflect a change in the discount rate from 3.58% in fiscal year 2019 to 3.50% in fiscal year 2020.

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

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 467,635	\$ 437,403	\$ 410,574

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 (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 404,299	\$ 437,403	\$ 476,396

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB – For the year ended June 30, 2020, the District recognized OPEB expense of \$56,627. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Inflows Of Resources	Deferred Outflows Of Resources
Differences between expected and actual experience	\$ -	\$ 147,914
Changes in assumptions	4,180	-
Total	\$ 4,180	\$ 147,914

SIoux CENTER COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

Year ending June 30,	Amount
2021	\$ 18,996
2022	18,996
2023	18,996
2024	18,996
2025	18,996
Thereafter	48,754
	\$ 143,734

NOTE 8 – LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 14,150,000	\$ 28,764,000	\$ 1,605,000	\$ 41,309,000	\$ 1,967,000
Bond Premium	196,511	998,906	46,041	1,149,376	67,258
Revenue Bonds	2,673,000	-	420,000	2,253,000	-
Note Payable - Direct Borrowing	353,813	-	353,813	-	-
Compensated absences	65,937	16,716	-	82,653	47,112
Termination Benefits	-	60,000	-	60,000	12,000
	\$ 17,439,261	\$ 29,839,622	\$ 2,424,854	\$ 44,854,029	\$ 2,093,370

General Obligation Bonds

The Governmental General Obligation Bonds are shown net of the unamortized premiums of \$1,149,376 on the Statement of Net Position.

General Obligation Bonds	\$ 41,309,000
Unamortized Bond Premium	1,149,376
	\$ 42,458,376

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

Bond Issue of September 1, 2010					
2021	3.00%	\$ 160,000	\$ 4,800	\$ 164,800	
		\$ 160,000	\$ 4,800	\$ 164,800	
Bond Issue of December 18, 2013					
2021	3.00%	\$ 150,000	\$ 146,527	\$ 296,527	
2022	3.00%	130,000	142,027	272,027	
2023	3.00%	130,000	138,127	268,127	
2024	3.00%	135,000	134,227	269,227	
2025	3.00%	135,000	130,177	265,177	
2026-2030	3.00-3.45%	1,195,000	581,683	1,776,683	
2031-2033	4.00%	2,035,000	164,600	2,199,600	
		\$ 3,910,000	\$ 1,437,368	\$ 5,347,368	

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

Bond Issue of May 1, 2014					
2021	2.00%	\$	100,000	\$	152,842
2022	2.00%		100,000		150,842
2023	2.25%		100,000		148,842
2024	2.40%		100,000		146,592
2025	2.60%		100,000		144,192
2026-2030	2.80-3.35%		960,000		676,808
2031-2034	3.45-3.75%		3,040,000		325,872
		\$	4,500,000	\$	1,745,990
				\$	6,245,990

Bond Issue of December 15, 2016					
2021	1.75%	\$	315,000	\$	95,630
2022	1.75%		515,000		90,118
2023	1.75%		530,000		81,105
2024	2.00%		540,000		71,830
2025	2.00%		560,000		61,030
2026-2029	2.00-2.10%		2,400,000		127,320
		\$	4,860,000	\$	527,033
				\$	5,387,033

Bond Issue of September 3, 2019					
2021	5.00%	\$	755,000	\$	499,700
2022	5.00%		350,000		461,950
2023	5.00%		325,000		444,450
2024	5.00%		340,000		428,200
2025	5.00%		355,000		411,200
2026-2030	3.0-5.0%		2,020,000		1,819,950
2031-2035	3.00%		3,190,000		1,535,850
2036-2039	3.00%		7,655,000		582,600
		\$	14,990,000	\$	6,183,900
				\$	21,173,900

Bond Issue of March 17, 2020					
2021	3.50%	\$	-	\$	307,941
2022	3.50%		265,000		311,401
2023	3.50%		325,000		298,151
2024	3.50%		340,000		281,901
2025	3.50%		355,000		264,901
2026-2030	3.50%		1,760,000		1,045,756
2031-2035	3.50%		1,575,000		720,720
2036-2040	3.50%		3,865,000		491,882
		\$	8,485,000	\$	3,722,653
				\$	12,207,653

Bond Issue of May 5, 2020					
2021	5.00%	\$	487,000	\$	154,140
2022	5.00%		504,000		137,095
2023	5.00%		521,000		119,455
2024	5.00%		539,000		101,220
2025	5.00%		558,000		82,355
2026-2028	2.75-5.0%		1,795,000		127,085
		\$	4,404,000	\$	721,350
				\$	5,125,350

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

Refunding Bonds

On December 15, 2016, the District issued \$7,950,000 in advance refunding of General Obligation bonds with interest rates ranging from 1.25% and 2.10%. The district issued the bonds to advance refund \$7,395,000 of the outstanding series 2009 General Obligation bonds with interest rates ranging from 4.00% and 4.45%. \$7,982,610 was deposited into an irrevocable escrow to complete the advance refunding through an in-substance defeasance. As a result, the Series 2009 bond is considered to be defeased and the escrow assets and liability for the notes are not included in the 2020 financial statements. The difference between the net carrying amount of the Series 2009 bond and the reacquisition price of the 2009 bond created a deferred outflow related to debt of \$587,610. This balance is amortized over the remaining life of the 2016 bond, which is callable in May 2029. As of June 30, 2020, amortization of this deferred outflow, which is recognized as interest expense, totaled \$166,754. The new 2016 issuance reduces debt service payments by \$937,137, with an economic gain of \$745,993. Annual principle payments on the 2016 issuance began in May 2017. Interest payments are due semi-annually each December and May. The 2016 bond will mature in May 2029. The balance of the bond at June 30, 2020 was \$4,860,000.

Revenue Bonds

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

Bond Issue of April 12, 2017					
2021	2.40%	\$ -	\$ 27,036	\$ 27,036	
2022	2.40%	430,000	48,912	478,912	
2023	2.40%	440,000	38,472	478,472	
2024	2.40%	450,000	27,792	477,792	
2025	2.40%	461,000	22,392	483,392	
2026	2.40%	472,000	11,328	483,328	
		<u>\$ 2,253,000</u>	<u>\$ 175,932</u>	<u>\$ 2,428,932</u>	

NOTE 9 – RISK MANAGEMENT

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

NOTE 10 – CATEGORICAL FUNDING

The District's restricted fund balance for categorical funding at June 30, 2020 is comprised of the following programs:

<u>Program</u>	
Gifted and Talented Program	\$ 88,054
Early Literacy Implementation	23,841
Teacher Leaders	227,157
Nonpublic Textbook Aid	2,347
Preschool Program	64,186
Professional Development	110,738
Core Curriculum	41,205
	<u>\$ 557,528</u>

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

NOTE 11 – COMMITMENTS

During the year ended June 30, 2020, the District had entered into construction contracts in the amount of \$37,149,057, of which approximately \$20,753,052 had been expended to date. The remaining balance will be paid as work progresses.

NOTE 12 – TAX ABATEMENTS

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

Tax Abatements of Other Entities

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Sioux Center	Urban renewal and economic development projects	\$ 61,223

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 \$27,382.

NOTE 13 – PRIOR PERIOD ADJUSTMENTS

A prior period adjustment in the amount of \$25,402 was made to the beginning net position for governmental activities and the general fund balance due to an overstatement of public transportation expenses in the prior period.

	<u>Governmental Activities</u>	<u>General Fund</u>
Net position/Fund Balance June 30, 2019, as previously reported	\$ 9,478,181	\$ 980,648
Prior Period Adjustment	25,402	25,402
Net position/Fund Balance July 1, 2019, as restated	<u>\$ 9,503,583</u>	<u>\$ 1,006,050</u>

NOTE 14 – SUBSEQUENT EVENTS

In September 2020, the District issued \$3,586,000 in revenue bonds to fund the construction of the new high school building. In December 2020, the City of Sioux Center issued a \$3,500,000 grant to the District to continue to provide jobs training and teach job-related skills.

NOTE 15– PROSPECTIVE ACCOUNTING CHANGE

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. 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 duties.

REQUIRED SUPPLEMENTARY INFORMATION

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		Governmental	Proprietary	Total	Final to
	Original	Final	Funds	Funds	Actual	Actual
			Actual	Actual		Variance
REVENUE:						
Local Sources:						
Local Tax	\$ 9,668,244	\$ 9,668,244	\$ 10,791,937	\$ -	\$ 10,791,937	\$ 1,123,693
Tuition	975,000	975,000	882,492	-	882,492	(92,508)
Other	18,460,350	18,460,350	616,015	262,681	878,696	(17,581,654)
State Sources	11,267,319	11,267,319	10,081,907	5,825	10,087,732	(1,179,587)
Federal Sources	415,000	415,000	357,493	448,403	805,896	390,896
Total Revenue	40,785,913	40,785,913	22,729,844	716,909	23,446,753	(17,339,160)
EXPENDITURES:						
Current:						
Instruction	13,146,175	13,146,175	12,565,994	-	12,565,994	580,181
Support Services	5,780,433	5,780,433	5,351,359	-	5,351,359	429,074
Non-instructional Programs	700,000	700,000	-	800,923	800,923	(100,923)
Other Expenditures	21,265,866	21,265,866	25,845,751	-	25,845,751	(4,579,885)
Total Expenditures	40,892,474	40,892,474	43,763,104	800,923	44,564,027	(3,671,553)
Excess (Deficiency) of Revenues Over Expenditures	(106,561)	(106,561)	(21,033,260)	(84,014)	(21,117,274)	(21,010,713)
Other Financing Sources (Uses):						
Transfers In	484,152	484,152	2,399,037	-	2,399,037	1,914,885
Transfers Out	(484,152)	(484,152)	(2,399,037)	-	(2,399,037)	(1,914,885)
Proceeds From Bonds Issued	-	-	28,764,000	-	28,764,000	28,764,000
Premium on Bonds Issued	-	-	998,906	-	998,906	998,906
Total Other Financing Sources (Uses)	-	-	29,762,906	-	29,762,906	29,762,906
Net Change in Fund Balances	(106,561)	(106,561)	8,729,646	(84,014)	8,645,632	8,752,193
Fund Balances - Beginning of Year	1,847,856	1,847,856	1,675,187	172,669	1,847,856	-
Prior Period Adjustment	-	-	25,402	-	25,402	-
Fund Balances - Beginning of Year, As Restated	1,847,856	1,847,856	1,700,589	172,669	1,873,258	-
Fund Balances - End of Year	\$ 1,741,295	\$ 1,741,295	\$ 10,430,235	\$ 88,655	\$ 10,518,890	\$ -

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2020

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional area level, not by fund. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2020, expenditures in the non-instructional and other expenditures functions exceeded the amounts budgeted.

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST SIX FISCAL YEARS*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018
District's proportion of the net pension liability	0.1366121%	0.1274150%	0.1176344%
District's proportionate share of the net pension liability	\$ 7,910	\$ 8,063	\$ 7,836
District's covered payroll	\$ 10,397	\$ 9,574	\$ 8,780
District's proportionate share of the net pension liability as a percentage of its covered payroll	76.08%	84.21%	89.25%
Plan fiduciary net position as a percentage of the total pension liability	85.45%	83.62%	82.21%
	2017	2016	2015
District's proportion of the net pension liability	0.1098755%	0.1295760%	0.1255930%
District's proportionate share of the net pension liability	\$ 6,915	\$ 5,459	\$ 4,279
District's covered payroll	\$ 7,885	\$ 7,570	\$ 7,061
District's proportionate share of the net pension liability as a percentage of its covered payroll	87.70%	72.11%	60.60%
Plan fiduciary net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

*The amount presented for each fiscal year was determined as of June 30 of the preceding year.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**SIoux CENTER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 1,032	\$ 981	\$ 855	\$ 784	\$ 704
Contributions in relation to the statutorily required contribution	(1,032)	(981)	(855)	(784)	(704)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 10,936	\$ 10,397	\$ 9,574	\$ 8,780	\$ 7,885
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%	8.93%

	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 676	\$ 631	\$ 587	\$ 514	\$ 439
Contributions in relation to the statutorily required contribution	(676)	(631)	(587)	(514)	(439)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 7,570	\$ 7,061	\$ 6,769	\$ 6,379	\$ 6,315
Contributions as a percentage of covered payroll	8.93%	8.94%	8.67%	8.06%	6.95%

See accompanying independent auditors' report

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020**

Changes of Benefit Terms

There were no significant changes in benefit terms.

Changes of Assumptions

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

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

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

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

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

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY, RELATED RATIOS
AND NOTES
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018
Service Cost	\$ 22,103	\$ 24,132	\$ 23,429
Interest	15,528	12,185	11,720
Difference between expected and actual experiences	102,422	-	80,539
Changes in assumptions	1,737	-	(6,139)
Benefit payments	(43,556)	(26,761)	(18,995)
Net change in total OPEB liability	98,234	9,556	90,554
Total OPEB liability beginning of year	339,169	329,613	239,059
Total OPEB liability end of year	<u>\$ 437,403</u>	<u>\$ 339,169</u>	<u>\$ 329,613</u>
Covered-employee payroll	\$ 10,013,216	\$ 9,603,206	\$ 9,323,501
Total OPEB liability as a percentage of covered	4.37%	3.53%	3.54%

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.00%

OTHER SUPPLEMENTARY INFORMATION

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Special Revenue	
	Management Levy	Activity Fund
Assets		
Cash and Pooled Investments	\$ 123,499	\$ 191,481
Receivables:		
Property Tax	1,241	-
Succeeding Year Property Tax	215,002	-
Due from Other Governments	-	-
Total Assets	<u>339,742</u>	<u>191,481</u>
Liabilities		
Accounts Payable	-	6,201
Termination Benefits Payable	12,000	-
Total Liabilities	<u>12,000</u>	<u>6,201</u>
Deferred Inflows of Resources		
Unavailable Revenue:		
Subsequent Year Property Taxes	215,002	-
Delinquent Property Tax	-	-
Total Deferred Inflow of Resources	<u>215,002</u>	<u>-</u>
Fund Balances:		
Restricted for:		
Management Levy Purposes	112,740	-
Student Activities	-	185,280
School Infrastructure	-	-
Physical Plant and Equipment	-	-
Total Fund Balances	<u>112,740</u>	<u>185,280</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 339,742</u>	<u>\$ 191,481</u>

Schedule 1

Capital Projects		
Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total Governmental Funds
\$ 896,809	\$ 630,054	\$ 1,841,843
-	13,619	14,860
-	846,696	1,061,698
116,500		116,500
1,013,309	1,490,369	3,034,901
163,644	170,829	340,674
-	-	12,000
163,644	170,829	352,674
-	846,696	1,061,698
-	3,025	3,025
-	849,721	1,064,723
-	-	112,740
-	-	185,280
849,665	-	849,665
-	469,819	469,819
849,665	469,819	1,617,504
\$ 1,013,309	\$ 1,490,369	\$ 3,034,901

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Special Revenue	
	Management Levy	Activity Fund
Revenue:		
Local Sources:		
Local Tax	\$ 102,672	\$ -
Other	3,058	227,226
Total Revenue	105,730	227,226
Expenditures:		
Governmental Activities:		
Instruction:		
Regular Instruction	128,956	-
Other Instruction	-	234,646
Support Services:		
Instructional Staff Services	-	-
Operation and Maintenance	62,404	-
Transportation Services	957	-
Other Expenditures:		
Facilities Acquisition and Construction	-	-
Total Expenditures	192,317	234,646
Excess (Deficiency) of Revenues Over Expenditures	(86,587)	(7,420)
Other Financing Sources (Uses):		
Transfers In	-	-
Transfers Out	-	-
Total Other Financing Sources (Uses)	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(86,587)	(7,420)
Fund Balances - Beginning of Year	199,327	192,700
Fund Balances - End of Year	\$ 112,740	\$ 185,280

Schedule 2

Capital Projects		
Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total Governmental Funds
\$ 1,382,111	\$ 817,850	\$ 2,302,633
29,530	7,438	267,252
1,411,641	825,288	2,569,885
74,145	127,709	330,810
15,950	-	250,596
-	374,114	374,114
268,166	1,421	331,991
-	-	957
965,362	41	965,403
1,323,623	503,285	2,253,871
88,018	322,003	316,014
1,228,968	134,392	1,363,360
(484,152)	(31,684)	(515,836)
744,816	102,708	847,524
832,834	424,711	1,163,538
16,831	45,108	453,966
\$ 849,665	\$ 469,819	\$ 1,617,504

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

Schedule 3

	Balance June 30, 2019		Revenues		Expenditures		Balance June 30, 2020
Activity							
F.F.A.	\$ 11,983	\$	26,741	\$	24,241	\$	14,483
Vocal Music	2,231		-		-		2,231
Instrumental Music	738		12,134		12,872		-
National Honor Society	110		275		385		-
Dance Team	3,196		7,475		4,147		6,524
Student Council	2,742		863		2,262		1,343
Spanish Club	24		-		-		24
Drama	445		4,055		4,471		29
Speech	43		1,100		1,140		3
Middle School Vocal Music	15,617		-		9,902		5,715
Middle School Music	16,223		52,704		59,159		9,768
Athletics	80,878		95,549		98,067		78,360
Middle School Annual	3,298		1,191		2,465		2,024
8th Grade	551		-		-		551
Donations	6,701		-		-		6,701
Birthday Book Club	1,995		1,904		1,928		1,971
Annual	8,258		2,700		4,631		6,327
Robotics	3,158		4,489		3,059		4,588
General Activity	28,524		1,921		121		30,324
Senior Class	1,704		-		-		1,704
Junior Class	3,778		14,125		5,796		12,107
Math Club	503		-		-		503
Total for Activity Funds	\$ 192,700	\$	227,226	\$	234,646	\$	185,280

SIoux CENTER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE TEN YEARS ENDED JUNE 30, 2020

	Modified Accrual Basis of Accounting				
	2020	2019	2018	2017	2016
Revenues:					
Local Sources:					
Local Tax	\$ 10,791,937	\$ 9,275,063	\$ 8,955,680	\$ 8,516,253	\$ 7,733,765
Tuition	882,492	924,886	943,868	782,371	625,354
Other	616,015	594,187	614,825	681,727	576,733
State Sources	10,081,907	9,537,599	8,798,682	8,257,396	7,483,939
Federal Sources	357,493	404,299	398,260	390,245	396,636
Total	22,729,844	20,736,034	19,711,315	18,627,992	16,816,427
Expenditures:					
Instruction:					
Regular	7,429,681	7,248,803	6,778,051	6,510,095	6,187,949
Special	4,129,013	4,229,809	3,795,278	3,122,491	2,759,061
Other	1,007,300	1,054,506	1,099,421	1,161,962	1,038,159
Support Services:					
Student	571,178	395,282	309,771	288,823	267,925
Instructional Staff	1,364,932	1,263,418	1,108,771	1,160,881	718,220
Administration	1,471,440	1,413,346	1,388,565	1,168,419	976,697
Operation and maintenance of plant	1,363,385	1,342,446	1,116,822	1,003,147	903,065
Transportation	580,424	809,475	694,545	328,229	534,277
Other Expenditures:					
Facilities Acquisition	21,414,061	2,637,574	3,293,726	1,037,983	347,838
Long-term debt:					
Principal	2,378,813	1,990,000	2,210,000	1,055,000	925,000
Interest and other charges	1,336,388	520,255	565,980	744,073	743,664
AEA Flowthrough	716,489	682,818	648,522	610,097	567,590
Total	\$ 43,763,104	\$ 23,587,732	\$ 23,009,452	\$ 18,191,200	\$ 15,969,445

Schedule 4

Modified Accrual Basis of Accounting				
2015	2014	2013	2012	2011
\$ 7,160,744	\$ 6,520,576	\$ 6,908,814	\$ 6,472,685	\$ 6,110,547
508,579	455,208	496,445	508,405	489,314
513,536	575,298	556,231	521,402	477,433
6,995,374	6,044,036	5,470,237	5,264,893	4,921,836
439,089	381,301	338,825	461,488	614,691
15,617,322	13,976,419	13,770,552	13,228,873	12,613,821
5,888,341	5,205,563	4,842,046	4,404,720	4,179,915
2,545,849	2,441,927	2,333,652	1,432,488	1,315,488
964,147	941,791	891,563	1,568,683	1,613,900
269,219	270,146	244,588	262,567	299,506
804,905	513,433	497,095	576,091	521,166
967,991	943,276	963,221	920,921	887,857
882,531	898,473	849,059	885,673	792,490
548,922	577,383	567,864	490,368	430,747
6,661,659	3,960,287	328,379	365,424	994,905
840,000	1,140,000	1,155,000	1,120,000	3,465,000
822,033	588,831	436,895	458,525	581,807
540,169	490,906	459,315	440,446	465,672
\$ 21,735,766	\$ 17,972,016	\$ 13,568,677	\$ 12,925,906	\$ 15,548,453

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Schedule 5			
Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY20	\$ 18,175
National School Lunch Program	10.555	FY20	302,856 *
Special Milk Program for Children	10.556	FY20	828
CARES Child Nutrition Program	10.559	FY20	126,544
			<u>448,403</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY20	164,074
Title IV- Assessment	84.424	FY20	8,814
Carl Perkins Grant	84.048A	FY20	13,002
Supporting Effective Instruction State Grant	84.367	FY20	28,533
CARES School Emergency Relief Fund	84.425	FY20	1,580
			<u>109,846</u>
Northwest Area Education Agency			
IDEA Grant	84.027	FY20	87,903
IDEA High Cost	84.027	FY20	21,943
			<u>5,911</u>
Title III- ELL	84.365	FY20	5,911
Total			<u>\$ 780,163</u>

* - Includes \$64,751 of non-cash awards.

BASIS OF PRESENTATION

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Sioux Center Community School District has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.



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**INDEPENDENT AUDITORS' 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 the
Sioux Center Community School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sioux Center Community School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Sioux Center Community School District's basic financial statements, and have issued our report thereon dated March 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sioux Center 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 the Sioux Center Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sioux Center 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sioux Center Community School District's financial statements are free from material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The

results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

Sioux Center Community School District's Response to Findings

The Sioux Center Community School District's response to findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Sioux Center Community School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Williams & Company P.C.
Certified Public Accountants

Le Mars, Iowa
March 23, 2021



21 1st Avenue NW
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

To the Board of Education of the
Sioux Center Community School District

Report on Compliance for Each Major Federal Program

We have audited the SIOUX CENTER COMMUNITY SCHOOL DISTRICT's compliance with the types of compliance requirements described in the *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. Sioux Center Community School District's major federal programs are identified in the summary of independent auditors' results section 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Sioux Center 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 auditing standards generally in the United States of America; 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 Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that 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 of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Sioux Center 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 the Sioux Center 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 Sioux Center Community School District's internal control over compliance with the types 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Sioux Center 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 did identify a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs, as item 2020-002, that we consider to be a material weakness.

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

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

Williams & Company P.C.
Certified Public Accountants

Le Mars, Iowa
March 23, 2021

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

Part I: Summary of the Independent Auditors' Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which are required to be reported in accordance with Uniform Guidance, Section 200.516(a).
- (g) Major programs were as follows:
 - School Nutrition Cluster Program:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 10.556 – Special Milk Program for Children
 - CFDA Number 10.559 – CARES Summer Meals Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Sioux Center 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 reported.

MATERIAL WEAKNESS:

2020-001 Financial Reporting

Condition and Criteria – The District is responsible for the accuracy and correct reporting of the financial statements. During the audit, we were required to propose and have management post material adjusting journal entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Cause – With a limited number of personnel and current staff workload, they do not allow for adequate review and preparation.

Effect – The financial information provided by management does not properly present all transactions causing the financial statements to be susceptible to increased risk of errors and omissions.

Recommendation – The District should implement procedures to ensure all transactions are properly identified, classified and included in the District's financial statements.

**SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

Part II: Findings Related to the Financial Statements (Continued):

Response – We will review our procedures and implement additional controls where possible. However, hiring additional staff to implement additional review would not be cost effective.

Conclusion – Response accepted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE: No matters were reported.

MATERIAL WEAKNESS:

**U.S. Department of Agriculture
School Nutrition Cluster
Award No.: N/A – Year ended June 30, 2020
Prior Year Audit Finding Reference Number: N/A**

2020-002 Condition and Criteria – The District is responsible for maintaining proper controls over programs to provide for awarding the correct students with meal assistance. During our review of applications for compliance requirements for the School Nutrition Cluster, we noted there was no second review of the application information used to determine eligibility.

Cause – No second review of applications was done by the appropriate school staff.

Effect – The program's application process is susceptible to an increased risk of ineligible students receiving free/reduced meals.

Recommendation – The District should ensure that a second review of applications is performed and indicated with a second signature on the application.

Response – The District will be more diligent in reviewing applications to ensure that eligibility for free/reduced meals is properly awarded. The District will indicate a second review has been done by having the reviewer sign the application.

Conclusion – Response accepted.

Part IV: Other Findings Related to Statutory Reporting:

IV-A-20 Certified Budget – Expenditures for the year ended June 30, 2020 exceeded the certified budget amounts in the non-instructional and other expenditures functions.

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

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response accepted.

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Part III: Other Findings Related to Statutory Reporting (Continued)

- IV-B-20 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-20 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-20 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-20 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 that the coverage is adequate for current operations.
- IV-F-20 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-20 Certified Enrollment – A variance of (1.0) was identified in the basic enrollment data certified to the Iowa Department of Education in October 2019. The variance was discovered by the Department of Education and the District agrees with the variance.
- IV-H-20 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-20 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-J-20 Certified Annual Report – The Certified Annual Report was certified timely to the Department of Education.
- IV-K-20 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds
- IV-L-20 Student Activity Fund – In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program. All accounts reported in the Special Revenue, Student Activity Fund appear to be extracurricular or co-curricular in nature.
- IV-M-20 Statewide Sales and Services Tax – No instances of non-compliance with the allowable use of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

SIOUX CENTER COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Part III: Other Findings Related to Statutory Reporting (Continued)

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

Beginning Balance			\$ 16,831
Revenues:			
Sales tax revenues	\$ 1,382,111		
Other local revenues	29,530		
Transfers from SILO fund	<u>1,228,968</u>	<u>2,640,609</u>	
			2,657,440
Expenditures:			
School infrastructure construction	965,362		
Regular Instruction	74,145		
Other Instruction	15,950		
Operation and Maintenance	268,166		
Transfers to Debt Service fund	<u>484,152</u>	<u>1,807,775</u>	
Ending Balance			<u>\$ 849,665</u>

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

IV-N-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.



Sioux Center Community Schools

550 9th Street NE Sioux Center, IA 51250

District Phone (712) 722-2985 Fax (712) 722-2986

High School (712) 722-2981 HS Fax (712) 722-2930

Middle School (712) 722-3783 MS Fax (712) 722-3782

Kinsey (712) 722-1541 Kinsey Fax (712) 722-0583

SIOUX CENTER COMMUNITY SCHOOL DISTRICT Schedule of Prior Year Findings and Questioned Costs June 30, 2020

Prior Year Audit Findings – Year Ended June 30, 2019

2019-001

Financial Reporting

Observation – During the audit, we identified material amounts of accounts payable, prepaid assets, notes payable, and capital assets that were not properly recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all transactions are properly identified, classified, and included in the District's financial statements.

Current Status – The recommendation is still in process, see finding 2020-001. The District continues to look at its processes in order to make sure all amounts and adjustments are properly recorded.



Sioux Center Community Schools

550 9th Street NE Sioux Center, IA 51250

District Phone (712) 722-2985 Fax (712) 722-2986

High School (712) 722-2981 HS Fax (712) 722-2930

Middle School (712) 722-3783 MS Fax (712) 722-3782

Kinsey (712) 722-1541 Kinsey Fax (712) 722-0583

SIOUX CENTER COMMUNITY SCHOOL DISTRICT Corrective Action Plan June 30, 2020

The Sioux Center Community School District respectfully submits the following corrective action plan for the year ended June 30, 2020.

The audit was performed by Williams & Company, P.C., 21 1st Avenue NW, Le Mars, Iowa, for the fiscal year ended June 30, 2020.

The findings from the June 30, 2020 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS:

2020-001

Condition and Criteria – The District is responsible for the accuracy and correct reporting of the financial statements. During the audit, we were required to propose and have management post material adjusting journal entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Cause – With a limited number of personnel and current staff workload, they do not allow for adequate review and preparation.

Effect – The financial information provided by management does not properly present all transactions causing the financial statements to be susceptible to increased risk of errors and omissions.

Recommendation – The District should implement procedures to ensure all transactions are properly identified, classified and included in the District's financial statements.

Views of Responsible Officials – District management feels that hiring additional personnel to implement the additional U.S. GAAP adjusting journal entries would not be cost-effective. However, management will review procedures and implement additional controls where possible and will continue to monitor this process on a regular basis.

FINDINGS – FEDERAL AWARDS PROGRAM AUDIT

MATERIAL WEAKNESS:

2020-002 Condition and Criteria – The District is responsible for maintaining proper controls over programs to provide for awarding the correct students with meal assistance. During our review of applications for compliance requirements for the School Nutrition Cluster, we noted there was no second review of the application information used to determine eligibility.

Cause – No second review of applications was done by the appropriate school staff.

Effect – The program's application process is susceptible to an increased risk of ineligible students receiving free/reduced meals.

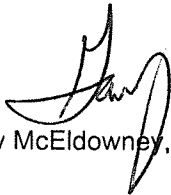
Recommendation – The District should ensure that a second review of applications is performed and indicated with a second signature on the application.

Views of Responsible Officials – The District will be more diligent in reviewing applications to ensure that eligibility for free/reduced meals is properly awarded. The District will indicate a second review has been done by having the reviewer sign the application.

If involved agencies have any questions regarding this plan, please call Gary McElowney at (712) 722-2985.

Sincerely Yours,

Sioux Center Community School District

A handwritten signature in black ink, appearing to read 'Gary McElowney', written over a horizontal line.

Gary McElowney, Superintenden