

DIAGONAL COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2020

Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	5-6
Management's Discussion and Analysis	7-15
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	A 18
Statement of Activities	B 19
Governmental Fund Financial Statements:	
Balance Sheet	C 20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D 21
Statement of Revenues, Expenditures and Changes in Fund Balances	E 22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F 23
Proprietary Funds Financial Statements:	
Statement of Net Position	G 24
Statement of Revenues, Expenses and Changes in Fund Net Position	H 25
Statement of Cash Flows	I 26
Notes to Financial Statements	27-39
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds	42
Notes to Required Supplementary Information - Budgetary Reporting	43
Schedule of the District's Proportionate Share of the Net Pension Liability	44
Schedule of District Contributions	45
Notes to Required Supplementary Information - Pension Liability	46
Supplementary Information:	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 48
and Changes in Fund Balances	2 49
Capital Projects Fund Accounts:	
Combining Balance Sheet	3 50
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4 51
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5 52
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	6 53
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	54-55
Schedule of Findings	56-58

Diagonal Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before November 2019 Election)		
Amy Kelsey	President	2021
Gina Warren	Vice President	2019
Kelly Allee	Board Member	2021
Pam Grace	Board Member	2019
Becky Stamps	Board Member	2019
Board of Education (After November 2019 Election)		
Amy Kelsey	President	2021
Kelly Allee	Vice President	2021
Pam Grace	Board Member	2023
Becky Stamps	Board Member	2023
Gina Warren	Board Member	2023
School Officials		
Karleen Stephens	Superintendent	2020
Rhiannon Tessum	School Business Official/Board Secretary	2020
Ahlers & Cooney, P.C.	Attorney	2020

Diagonal Community School District

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of Diagonal Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Diagonal Community School District, Diagonal, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District Contributions on pages 7 through 15 and 42 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

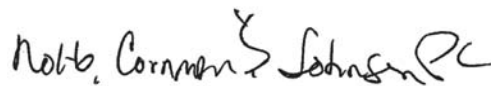
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Diagonal Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 5, 2021, on our consideration of Diagonal Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Diagonal Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

May 5, 2021
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2020 FINANCIAL HIGHLIGHTS

- The District total net position increased from \$878,300 at June 30, 2019 to \$898,025 at June 30, 2020. Total revenues decreased from \$2,478,244 in fiscal year 2019 to \$2,393,796 in fiscal year 2020, a 3.41% decrease, while total expenses increased from \$2,347,686 in fiscal year 2019 to \$2,374,071 in fiscal year 2020, a 1.12% increase from the prior year.
- General Fund revenues increased from \$1,712,914 in fiscal year 2019 to \$1,816,779 in fiscal year 2020, while General Fund expenditures increased from \$1,791,561 in fiscal year 2019 to \$1,823,926 in fiscal year 2020. The District's General Fund balance decreased from \$238,687 at June 30, 2019 to \$231,540 at June 30, 2020, a 2.99% decrease from the prior year.
- The increase in General Fund revenues was attributable to an increase in state source revenues received in fiscal year 2020 compared to the prior year. The increase in expenditures was due primarily to an increase in support services expenditures compared to the prior year.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Diagonal Community School District as a whole and present an overall view of the District's finances.

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year and the District's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

Figure A-1
Diagonal Community School District Annual Financial Report

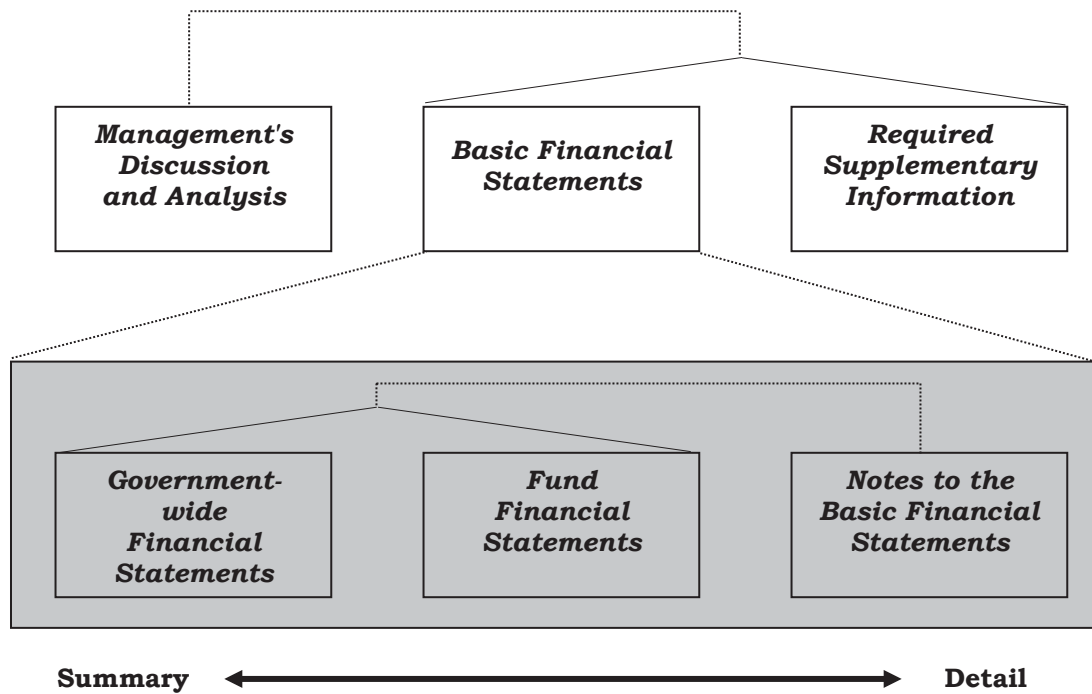


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2			
Major Features of the Government-Wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service, early childhood fund
Required financial statements	<ul style="list-style-type: none"> · Statement of net position · Statement of activities 	<ul style="list-style-type: none"> · Balance sheet · Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> · Statement of net position · Statement of revenues, expenses and changes in fund net position · Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-20
Current and other assets	\$ 2,123,014	2,660,196	46,989	41,868	2,170,003	2,702,064	-19.69%
Capital assets	1,196,035	632,812	8,577	10,296	1,204,612	643,108	87.31%
Total assets	3,319,049	3,293,008	55,566	52,164	3,374,615	3,345,172	0.88%
Deferred outflows of resources	206,603	254,245	31,679	39,838	238,282	294,083	-18.97%
Long-term liabilities	1,360,929	1,500,799	116,665	132,912	1,477,594	1,633,711	-9.56%
Other liabilities	197,091	271,797	37,912	23,510	235,003	295,307	-20.42%
Total liabilities	1,558,020	1,772,596	154,577	156,422	1,712,597	1,929,018	-11.22%
Deferred inflows of resources	980,944	819,483	21,331	12,454	1,002,275	831,937	20.47%
Net position:							
Net investment in capital assets	591,035	455,657	8,577	10,296	599,612	465,953	28.69%
Restricted	851,355	896,412	-	-	851,355	896,412	-5.03%
Unrestricted	(455,702)	(396,895)	(97,240)	(87,170)	(552,942)	(484,065)	-14.23%
Total net position	\$ 986,688	955,174	(88,663)	(76,874)	898,025	878,300	2.25%

The District's total net position increased by 2.25% or \$19,725 from the prior year.

A large portion of the District's net position is invested 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 resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net position decreased \$45,057 or 5.03% from the prior year. This decrease was primarily due to a decrease in the amount restricted for school infrastructure compared to the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or the legal requirement - decreased \$68,877, or 14.23%. The decrease in unrestricted net position is primarily a result of the decrease in the District's unassigned General Fund balance.

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

Figure A-4 Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2020	2019	2020	2019	2020	2019	2019-20
Revenues:							
Program revenues:							
Charges for service	\$ 291,808	449,293	124,615	150,914	416,423	600,207	-30.62%
Operating grants, contributions and restricted interest	220,618	170,067	111,621	129,485	332,239	299,552	10.91%
Capital grants, contributions and restricted interest	4,555	-	-	-	4,555	-	100.00%
General revenues:							
Property tax	736,301	714,456	-	-	736,301	714,456	3.06%
Income surtax	18,383	51,719	-	-	18,383	51,719	-64.46%
Statewide sales, services and use tax	106,612	101,588	-	-	106,612	101,588	4.95%
Unrestricted state grants	757,842	687,698	-	-	757,842	687,698	10.20%
Unrestricted investment earnings	8,419	9,653	-	-	8,419	9,653	-12.78%
Other	13,022	13,371	-	-	13,022	13,371	-2.61%
Total revenues	2,157,560	2,197,845	236,236	280,399	2,393,796	2,478,244	-3.41%
Program expenses:							
Instruction	1,241,343	1,314,625	-	-	1,241,343	1,314,625	-5.57%
Support services	742,417	694,816	-	-	742,417	694,816	6.85%
Non-instructional programs	-	-	248,025	255,516	248,025	255,516	-2.93%
Other expenses	142,286	82,729	-	-	142,286	82,729	71.99%
Total expenses	2,126,046	2,092,170	248,025	255,516	2,374,071	2,347,686	1.12%
Excess (Deficiency) of revenues over (under) expenses	31,514	105,675	(11,789)	24,883	19,725	130,558	-84.89%
Transfers	-	6,302	-	(6,302)	-	-	0.00%
Change in net position	31,514	111,977	(11,789)	18,581	19,725	130,558	-84.89%
Net position beginning of year	955,174	843,197	(76,874)	(95,455)	878,300	747,742	17.46%
Net position end of year	\$ 986,688	955,174	(88,663)	(76,874)	898,025	878,300	2.25%

In fiscal year 2020, property tax and unrestricted state grants accounted for 69.25% of the revenue from governmental activities while charges for service and operating grants, contributions and restricted interest accounted for all of the revenue from business type activities.

The District's total revenues were \$2,393,796, of which \$2,157,560 was for governmental activities and \$236,236 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.41% decrease in revenues and a 1.12% increase in expenses. The decrease in revenues was primarily due to a decrease in charges for service compared to the prior year. The increase in expenses occurred primarily in the support services function.

Governmental Activities

Revenues for governmental activities were \$2,157,560 and expenses were \$2,126,046 for the year ended June 30, 2020.

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

	Figure A-5 Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2020	2019	Change 2019-20	2020	2019	Change 2019-20
Instruction	\$ 1,241,343	1,314,625	-5.57%	808,515	750,110	7.79%
Support services	742,417	694,816	6.85%	703,470	683,565	2.91%
Other expenses	142,286	82,729	71.99%	97,080	39,135	148.06%
Total	<u>\$ 2,126,046</u>	<u>2,092,170</u>	<u>1.62%</u>	<u>1,609,065</u>	<u>1,472,810</u>	<u>9.25%</u>

For the year ended June 30, 2020:

- The cost financed by users of the District's programs was \$291,808.
- Federal and state governments subsidized certain programs with grants as well as contributions from local sources totaling \$225,173.
- The net cost of governmental activities was financed with \$736,301 in property tax, \$18,383 in income surtax, \$106,612 in statewide sales, services and use tax, \$757,842 in unrestricted state grants, \$8,419 in interest income and \$13,022 in other general revenues.

Business Type Activities

Revenues of the District's business type activities during the year ended June 30, 2020 were \$236,236, representing a 15.75% decrease from the prior year, while expenses totaled \$248,025, a 2.93% decrease from the prior year. The District's business type activities include the School Nutrition Fund and the Early Childhood Fund. Revenues of these activities were comprised of charges for service and federal and state reimbursements.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$1,063,472, below last year's ending combined fund balances of \$1,598,303. The primary reason for the decrease in combined fund balances was the decrease in the Capital Projects Fund balance.

Governmental Fund Highlights

- The District's General Fund balance decreased from \$238,687 at June 30, 2019 to \$231,540 at June 30, 2020, representing a decrease of 2.99%. The District's General Fund financial position is the product of many factors. State source revenues received during fiscal year 2020 increased compared to the prior year causing an increase in total revenues. Expenditures increased from the prior year primarily due to an increase in support service costs incurred from the prior year.

-
- The Management Levy Fund balance increased from \$600,705 at June 30, 2019 to \$723,305 at June 30, 2020. Revenues and expenses were relatively unchanged compared to the prior year.
 - The Capital Projects Fund balance increased from \$739,238 at June 30, 2019 to \$81,008 at June 30, 2020. The primary reason for the decrease in fund balance was due increased capital outlay expenditures.

Proprietary Fund Highlights

- The School Nutrition Fund net position improved from deficit \$21,472 at June 30, 2019 to deficit \$21,268 at June 30, 2020, representing an increase of 0.95%. Revenues and expenses were relatively unchanged compared to the prior year.
- The Early Childhood Fund net position decreased from deficit \$55,402 at June 30, 2019 to deficit \$67,395 at June 30, 2020, representing a decrease of 21.65%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Diagonal Community School District amended its budget one time to include debt service revenue.

The District's revenues were \$37,045 less than budgeted revenues, a variance of 1.50%. The most significant variance resulted from the District receiving less from local sources than originally anticipated.

It is not the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District's budget is developed utilizing realistic projections of revenues and expenditures. The District then manages or controls General Fund spending through its line-item budget. In situations where revenues exceed projections, and expenditures do not exceed spending authority, the Board may take action to amend the budget authorizing additional expenditures.

In spite of the District's budgetary practice, expenditures exceeded the amounts budgeted for fiscal year 2020 in the other expenditures functional area and in total.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had invested \$1,204,612, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 87.31% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$104,098.

The original cost of the District's capital assets was \$2,643,221. Governmental activities accounted for \$2,590,837 with the remainder of \$52,384 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$226,763 at June 30, 2019, compared to \$989,051 reported at June 30, 2020. The increase is due to the District's ADA renovation project completed during the year.

Figure A-6 Capital Assets, Net of Depreciation							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-20
Land	\$ 7,230	7,230	-	-	7,230	7,230	0.00%
Construction in progress	-	166,473	-	-	-	166,473	-100.00%
Buildings	989,051	226,763	-	-	989,051	226,763	336.16%
Land improvements	110,301	119,929	-	-	110,301	119,929	-8.03%
Machinery and equipment	89,453	112,417	8,577	10,296	98,030	122,713	-20.11%
Total	<u>\$ 1,196,035</u>	<u>632,812</u>	<u>8,577</u>	<u>10,296</u>	<u>1,204,612</u>	<u>643,108</u>	<u>87.31%</u>

Long-Term Debt

At June 30, 2020 the District had \$605,000 of total long-term debt outstanding. This represents a decrease of 8.33% over the last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 3 to the financial statements.

The District had outstanding revenue bonded indebtedness of \$605,000 at June 30, 2020 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

Figure A-7 Outstanding Long-Term Obligations			
	Total District		Total Change
	June 30,		June 30,
	2020	2019	2019-20
Revenue bonds	<u>\$ 605,000</u>	<u>660,000</u>	<u>-8.33%</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:

- The possibility of enrollment decreases and low allowable growth over several years may negatively impact the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of the District's unspent authorized budget.
- The district continues to receive statewide sales, services and use tax revenue for school infrastructure. This one-cent tax on sales and services greatly benefits the District in maintaining their buildings, purchasing equipment, technology and debt payments. The funding began in January 2005 and will continue through December 2029.

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 Rhiannon Tessum, School Business Official/Board Secretary, Diagonal Community School District, 403 W 2nd, Diagonal, Iowa, 50845.

Diagonal Community School District

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 1,108,962	30,388	1,139,350
Receivables:			
Property tax:			
Delinquent	9,827	-	9,827
Succeeding year	842,732	-	842,732
Income surtax	19,719	-	19,719
Accounts	61,702	4,030	65,732
Due from other governments	80,072	9,943	90,015
Inventories	-	2,628	2,628
Capital assets not being depreciated:			
Land	7,230	-	7,230
Capital assets, net of accumulated depreciation:			
Buildings and land improvements and machinery and equipment	1,188,805	8,577	1,197,382
Total assets	3,319,049	55,566	3,374,615
Deferred Outflows of Resources			
Pension related deferred outflows	206,603	31,679	238,282
Liabilities			
Accounts payable	188,815	1,461	190,276
Salaries and benefits payable	5,676	8,101	13,777
Payroll protection loan	-	23,700	23,700
Deposits payable	2,600	-	2,600
Unearned revenue	-	4,650	4,650
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	60,000	-	60,000
Portion due after one year:			
Revenue bonds	545,000	-	545,000
Net pension liability	755,929	116,665	872,594
Total liabilities	1,558,020	154,577	1,712,597
Deferred Inflows of Resources			
Unavailable property tax revenue	842,732	-	842,732
Pension related deferred inflows	138,212	21,331	159,543
Total deferred inflows of resources	980,944	21,331	1,002,275
Net Position			
Net investment in capital assets	591,035	8,577	599,612
Restricted for:			
Categorical funding	19,423	-	19,423
Management levy purposes	723,305	-	723,305
Student activities	27,619	-	27,619
School infrastructure	31,706	-	31,706
Physical plant and equipment	49,302	-	49,302
Unrestricted	(455,702)	(97,240)	(552,942)
Total net position	\$ 986,688	(88,663)	898,025

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges	Contributions	Contributions	Govern- mental Activities	Business Type Activities	Total
		for Service	and Restricted Interest	and Restricted Interest			
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 792,610	116,464	81,081	-	(595,065)	-	(595,065)
Special	284,275	115,690	14,045	-	(154,540)	-	(154,540)
Other	164,458	59,654	45,894	-	(58,910)	-	(58,910)
	1,241,343	291,808	141,020	-	(808,515)	-	(808,515)
Support services:							
Student	55,699	-	-	-	(55,699)	-	(55,699)
Instructional staff	59,159	-	-	-	(59,159)	-	(59,159)
Administration	322,828	-	2,688	-	(320,140)	-	(320,140)
Operation and maintenance of plant	204,736	-	-	4,555	(200,181)	-	(200,181)
Transportation	99,995	-	31,704	-	(68,291)	-	(68,291)
	742,417	-	34,392	4,555	(703,470)	-	(703,470)
Long-term debt interest	19,734	-	-	-	(19,734)	-	(19,734)
Other expenditures:							
AEA flowthrough	45,206	-	45,206	-	-	-	-
Depreciation (unallocated)*	77,346	-	-	-	(77,346)	-	(77,346)
	122,552	-	45,206	-	(77,346)	-	(77,346)
Total governmental activities	2,126,046	291,808	220,618	4,555	(1,609,065)	-	(1,609,065)
Business type activities:							
Non-instructional programs:							
Food service operations	122,964	33,907	89,261	-	-	204	204
Other enterprise operations	125,061	90,708	22,360	-	-	(11,993)	(11,993)
Total business type activities	248,025	124,615	111,621	-	-	(11,789)	(11,789)
Total	\$ 2,374,071	416,423	332,239	4,555	(1,609,065)	(11,789)	(1,620,854)
General Revenues							
Property tax levied for:							
General purposes					\$ 662,662	-	662,662
Capital outlay					73,639	-	73,639
Income surtax					18,383	-	18,383
Statewide sales, services and use tax					106,612	-	106,612
Unrestricted state grants					757,842	-	757,842
Unrestricted investment earnings					8,419	-	8,419
Other					13,022	-	13,022
Total general revenues					1,640,579	-	1,640,579
Change in net position					31,514	(11,789)	19,725
Net position beginning of year					955,174	(76,874)	878,300
Net position end of year					\$ 986,688	(88,663)	898,025

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

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Management Levy	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 180,867	109,110	725,298	93,687	1,108,962
Receivables:					
Property tax:					
Delinquent	6,462	977	2,388	-	9,827
Succeeding year	617,662	85,070	140,000	-	842,732
Income surtax	19,719	-	-	-	19,719
Accounts	58,658	-	-	3,044	61,702
Due from other governments	71,081	8,991	-	-	80,072
Total assets	\$ 954,449	204,148	867,686	96,731	2,123,014
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 77,252	38,070	4,381	69,112	188,815
Salaries and benefits payable	5,676	-	-	-	5,676
Deposits payable	2,600	-	-	-	2,600
Total liabilities	85,528	38,070	4,381	69,112	197,091
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	617,662	85,070	140,000	-	842,732
Income surtax	19,719	-	-	-	19,719
Total deferred inflows of resources	637,381	85,070	140,000	-	862,451
Fund balances:					
Restricted for:					
Categorical funding	19,423	-	-	-	19,423
Management levy purposes	-	-	723,305	-	723,305
Student activities	-	-	-	27,619	27,619
School infrastructure	-	31,706	-	-	31,706
Physical plant and equipment	-	49,302	-	-	49,302
Assigned	21,112	-	-	-	21,112
Unassigned	191,005	-	-	-	191,005
Total fund balances	231,540	81,008	723,305	27,619	1,063,472
Total liabilities, deferred inflows of resources and fund balances	\$ 954,449	204,148	867,686	96,731	2,123,014

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds (page 20) \$ 1,063,472

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 1,196,035

Accounts receivable income surtax is not available to finance expenditures of the current year and, therefore, is recognized as deferred inflows of resources in the governmental funds. 19,719

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	\$ 206,603	
Deferred inflows of resources	<u>(138,212)</u>	68,391

Long-term liabilities, including bonds payable and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds. (1,360,929)

Net position of governmental activities (page 18) \$ 986,688

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Management Levy	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 535,095	73,639	178,915	-	787,649
Tuition	229,549	-	-	-	229,549
Other	54,880	6,093	588	59,654	121,215
State sources	867,144	106,758	357	-	974,259
Federal sources	77,853	-	-	-	77,853
Total revenues	1,764,521	186,490	179,860	59,654	2,190,525
Expenditures:					
Current:					
Instruction:					
Regular	788,318	-	6,753	-	795,071
Special	290,160	-	-	-	290,160
Other	96,201	-	-	51,708	147,909
	1,174,679	-	6,753	51,708	1,233,140
Support services:					
Student	52,897	-	-	-	52,897
Instructional staff	12,078	47,716	-	-	59,794
Administration	314,208	-	-	-	314,208
Operation and maintenance of plant	145,323	-	50,507	-	195,830
Transportation	79,535	-	-	-	79,535
	604,041	47,716	50,507	-	702,264
Capital outlay	-	718,981	-	-	718,981
Long-term debt:					
Principal	-	-	-	55,000	55,000
Interest and fiscal charges	-	-	-	23,023	23,023
	-	-	-	78,023	78,023
Other expenditures:					
AEA flowthrough	45,206	-	-	-	45,206
Total expenditures	1,823,926	766,697	57,260	129,731	2,777,614
Excess (Deficiency) of revenues over (under) expenditures	(59,405)	(580,207)	122,600	(70,077)	(587,089)
Other financing sources (uses):					
Insurance proceeds	52,258	-	-	-	52,258
Transfer in	-	-	-	78,023	78,023
Transfer out	-	(78,023)	-	-	(78,023)
Total other financing sources (uses)	52,258	(78,023)	-	78,023	52,258
Change in fund balances	(7,147)	(658,230)	122,600	7,946	(534,831)
Fund balances beginning of year	238,687	739,238	600,705	19,673	1,598,303
Fund balances end of year	\$ 231,540	81,008	723,305	27,619	1,063,472

SEE NOTES TO FINANCIAL STATEMENTS.

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

Change in fund balances - total governmental funds (page 22) \$ (534,831)

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

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

Capital outlay	\$	665,602	
Depreciation expense		(102,379)	563,223

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. (32,965)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in Statement of Net Position. 55,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 3,289

The current year District IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 97,745

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		(119,947)	
-----------------	--	-----------	--

Change in net position of governmental activities (page 19) \$ 31,514

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities: Enterprise Funds		
	Non Major School Nutrition	Major Early Childhood	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 3,318	27,070	30,388
Accounts receivable	-	4,030	4,030
Due from other governments	6,959	2,984	9,943
Inventories	2,628	-	2,628
Total current assets	12,905	34,084	46,989
Noncurrent assets:			
Capital assets, net of accumulated depreciation	8,577	-	8,577
Total assets	21,482	34,084	55,566
Deferred Outflows of Resources			
Pension related deferred outflows	10,042	21,637	31,679
Liabilities			
Current liabilities:			
Accounts payable	1,398	63	1,461
Salaries and benefits payable	1,640	6,461	8,101
Payroll protection loan	-	23,700	23,700
Unearned revenue	4,650	-	4,650
Total current liabilities	7,688	30,224	37,912
Noncurrent liabilities:			
Net pension liability	38,132	78,533	116,665
Total liabilities	45,820	108,757	154,577
Deferred Inflows of Resources			
Pension related deferred inflows	6,972	14,359	21,331
Net Position			
Net investment in capital assets	8,577	-	8,577
Unrestricted	(29,845)	(67,395)	(97,240)
Total net position	<u>\$ (21,268)</u>	<u>(67,395)</u>	<u>(88,663)</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities: Enterprise Funds		
	Non Major School Nutrition	Major Early Childhood	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 33,907	90,708	124,615
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	50,514	-	50,514
Benefits	15,486	-	15,486
Services	55,245	-	55,245
Depreciation	1,719	-	1,719
	122,964	-	122,964
Other enterprise operations:			
Salaries	-	100,898	100,898
Benefits	-	10,584	10,584
Supplies	-	13,579	13,579
	-	125,061	125,061
Total operating expenses	122,964	125,061	248,025
Operating loss	(89,057)	(34,353)	(123,410)
Non-operating revenues:			
State sources	848	-	848
Federal sources	88,413	22,360	110,773
Total non-operating revenues	89,261	22,360	111,621
Change in net position	204	(11,993)	(11,789)
Net position beginning of year	(21,472)	(55,402)	(76,874)
Net position end of year	\$ (21,268)	(67,395)	(88,663)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities: Enterprise Funds		
	Non Major School Nutrition	Major Early Childhood	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 35,636	-	35,636
Cash received from preschool operations	-	95,652	95,652
Cash payments to employees for services	(59,330)	(95,216)	(154,546)
Cash payments to suppliers for goods or services	(51,658)	(16,166)	(67,824)
Net cash used in operating activities	(75,352)	(15,730)	(91,082)
Cash flows from non-capital financing activities:			
Borrowings from General Fund	(10,913)	(14,519)	(25,432)
State grants received	848	-	848
Federal grants received	74,545	22,542	97,087
Net cash provided by non-capital financing activities	64,480	8,023	72,503
Net decrease in cash and pooled investments	(10,872)	(7,707)	(18,579)
Cash and pooled investments beginning of year	14,190	34,777	48,967
Cash and pooled investments end of year	\$ 3,318	27,070	30,388
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (89,057)	(34,353)	(123,410)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Commodities consumed	9,367	-	9,367
Depreciation	1,719	-	1,719
Change in assets and liabilities:			
Inventories	(20)	-	(20)
Accounts receivable	-	4,944	4,944
Accounts payable	(5,760)	(2,587)	(8,347)
Salaries and benefits payable	(420)	(1,133)	(1,553)
Payroll protection loan	-	23,700	23,700
Net pension liability	1,910	(18,157)	(16,247)
Deferred outflows of resources	1,602	6,557	8,159
Deferred inflows of resources	3,578	5,299	8,877
Unearned revenue	1,729	-	1,729
Net cash used in operating activities	\$ (75,352)	(15,730)	(91,082)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2020, the District received \$9,367 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

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

Note 1. Summary of Significant Accounting Policies

Diagonal Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and technical and recreational courses. The geographic area served includes the City of Diagonal, Iowa and the predominate agricultural territory in Ringgold and Taylor Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

The Management Levy Fund is utilized to account for the property tax revenues and expenditures including unemployment benefits, early retirement benefits, and insurance agreements relating to such liabilities.

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

The District reports the following major proprietary fund:

The District's major proprietary funds are the Enterprise, Early Childhood Fund. The Early Childhood Fund is used to account for the District's programs for two and three-year-old children that are not able to be funded with state categorical funding, but rather by tuition paid by parents and county empowerment grants.

The District reports the following nonmajor proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 Funds are 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 nonoperating revenues and expenses.

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

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

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

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

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

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

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

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

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

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

Asset Class	Amount
Land	\$ -
Buildings	1,500
Land improvements	1,500
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

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

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

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

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

Deposits Payable - Deposits made on behalf of each student for the use of District technology which will be used to cover repair costs if needed. The deposit will be returned to the student upon graduation if no damage has been incurred to the equipment.

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

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

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

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivables and other receivables not collected within sixty days after year end.

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

Fund Equity - In the governmental fund financial statements, fund balance is 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.

Assigned - Amounts the Board intends to use for specific purposes such as the District's archery program.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, District expenditures exceeded the amounts budgeted in the other expenditures functional area and in total.

Note 2. Cash and Pooled Investments

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

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

At June 30, 2020, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) Direct Government Obligations Portfolio which are valued at an amortized cost of \$424,945. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard and Poor's Financial Services.

Note 3. Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 660,000	-	55,000	605,000	60,000
Net pension liability	840,799	-	84,870	755,929	-
Total	<u>\$ 1,500,799</u>	<u>-</u>	<u>139,870</u>	<u>1,360,929</u>	<u>60,000</u>
Business type activities:					
Net pension liability	<u>\$ 132,912</u>	<u>-</u>	<u>16,247</u>	<u>116,665</u>	<u>-</u>

Revenue Bonds

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

Year Ending June 30,	Bond Issue of May 1, 2019			
	Interest Rate	Principal	Interest	Total
2021	2.99 %	\$ 60,000	18,089	78,089
2022	2.99	60,000	16,295	76,295
2023	2.99	65,000	14,502	79,502
2024	2.99	65,000	12,558	77,558
2025	2.99	65,000	10,615	75,615
2026-2029	2.99	290,000	21,977	311,977
Total		<u>\$ 605,000</u>	<u>94,036</u>	<u>699,036</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$660,000 of bonds issued in May 2019. The bonds were issued for the purpose of financing a portion of the District's ADA renovation project. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 73% of the statewide sales, service and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$699,036. For the current year, \$55,000 of principal and \$23,023 of interest was paid on the bonds, and total statewide sales, services and use tax revenues were \$106,612.

Note 4. Pension Plan

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

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

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

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

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

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2020 were \$112,622.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the District reported a liability of \$872,594 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the District's proportion was 0.015069%, which was a decrease of 0.000318% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$135,613. 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	\$ 2,419	31,374
Changes of assumptions	93,467	-
Net difference between projected and actual earnings on IPERS' investments	-	98,331
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	29,774	29,838
District contributions subsequent to the measurement date	112,622	-
Total	<u>\$ 238,282</u>	<u>159,543</u>

\$112,622 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2021	\$ 17,029
2022	(14,715)
2023	(13,199)
2024	(19,016)
2025	(3,982)
Total	<u>\$ (33,883)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2018 generational adjustments.

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

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

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 1,549,446	872,594	304,859

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

Payables to IPERS - At June 30, 2020, the District reported payables to IPERS of \$1,384 for legally required District contributions and \$922 for legally required employee contributions withheld from employee wages which have not yet been remitted to IPERS.

Note 5. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,230	-	-	7,230
Construction in progress	166,473	580,456	746,929	-
Total capital assets not being depreciated	173,703	580,456	746,929	7,230
Capital assets being depreciated:				
Buildings	943,854	830,006	-	1,773,860
Land improvements	192,563	-	-	192,563
Machinery and equipment	615,115	2,069	-	617,184
Total capital assets being depreciated	1,751,532	832,075	-	2,583,607
Less accumulated depreciation for:				
Buildings	717,091	67,718	-	784,809
Land improvements	72,634	9,628	-	82,262
Machinery and equipment	502,698	25,033	-	527,731
Total accumulated depreciation	1,292,423	102,379	-	1,394,802
Total capital assets being depreciated, net	459,109	729,696	-	1,188,805
Governmental activities capital assets, net	\$ 632,812	1,310,152	746,929	1,196,035
Business type activities:				
Machinery and equipment	\$ 52,384	-	-	52,384
Less accumulated depreciation	42,088	1,719	-	43,807
Business type activities capital assets, net	\$ 10,296	(1,719)	-	8,577

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 320
Other	594
Support services:	
Instructional staff	1,014
Transportation	23,105
	<u>25,033</u>
Unallocated depreciation	<u>77,346</u>
Total governmental activities depreciation expense	<u>\$ 102,379</u>
Business type activities:	
Food service operations	<u>\$ 1,719</u>

Note 6. Risk Management

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

Note 7. 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 \$45,206 for the year ended June 30, 2020 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 8. Categorical Funding

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

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

Program	Amount
Special Education District Court	\$ 8,246
Teacher Salary Supplement	9,167
Market Factor	1,024
Market Factor Incentives	986
Total	<u>\$ 19,423</u>

Note 9. Tax Abatements

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

During fiscal year 2020, the District was not impacted by any tax abatements which meet the disclosure requirements of Governmental Accounting Standards Board Statement No. 77.

Note 10. Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 78,023

The Capital Projects: Statewide Sales, Services and Use Tax is repaying the Debt Service Fund was for principal and interest on the District's revenue bond indebtedness.

Note 11. Budget Overexpenditure

Per Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2020, District expenditures exceeded the amounts budgeted in the other expenditures functional area and in total.

Note 12. Reconciliation of Governmental Fund Balance to Net Position

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

	Net investment in Capital Assets	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	191,005
Capital assets, net of accumulated depreciation	1,196,035	-
Revenue bond capitalized indebtedness	(605,000)	-
Income surtax	-	19,719
Pension related deferred outflows	-	206,603
Pension related deferred inflows	-	(138,212)
Net pension liability	-	(755,929)
Assigned fund balance	-	21,112
Net position (Exhibit A)	<u>\$ 591,035</u>	<u>(455,702)</u>

Note 13. Prospective Accounting Change

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

Note 14. COVID-19

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

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

Diagonal Community School District

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 1,138,413	124,615	1,263,028	1,340,717	1,340,717	(77,689)
State sources	974,259	848	975,107	951,089	951,089	24,018
Federal sources	77,853	110,773	188,626	172,000	172,000	16,626
Total revenues	2,190,525	236,236	2,426,761	2,463,806	2,463,806	(37,045)
Expenditures/Expenses:						
Instruction	1,233,140	-	1,233,140	1,356,000	1,356,000	122,860
Support services	702,264	-	702,264	714,000	714,000	11,736
Non-instructional programs	-	248,025	248,025	255,000	255,000	6,975
Other expenditures	842,210	-	842,210	180,436	146,206	(696,004)
Total expenditures/expenses	2,777,614	248,025	3,025,639	2,505,436	2,471,206	(554,433)
Excess (Deficiency) of revenues over (under) expenditures/expenses	(587,089)	(11,789)	(598,878)	(41,630)	(7,400)	(591,478)
Other financing sources, net	52,258	-	52,258	-	-	52,258
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	(534,831)	(11,789)	(546,620)	(41,630)	(7,400)	(539,220)
Balances beginning of year	1,598,303	(76,874)	1,521,429	819,401	819,401	702,028
Balances end of year	\$ 1,063,472	(88,663)	974,809	777,771	812,001	162,808

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, decreasing budgeted expenditures by \$34,230.

During the year ended June 30, 2020, expenditures in the other expenditures function and in total exceeded the amounts budgeted.

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

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.015069%	0.015387%	0.014965%	0.014106%	0.014633%	0.017150%
District's proportionate share of the net pension liability	\$ 872,594	973,711	996,880	887,727	722,957	680,142
District's covered payroll	\$ 1,148,388	1,156,456	1,118,287	1,012,290	992,556	1,121,209
District's proportionate share of the net pension liability as a percentage of its covered payroll	75.98%	84.20%	89.14%	87.69%	72.84%	60.66%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 112,622	108,408	103,272	99,863	90,397	88,635	100,124	105,368	94,505	82,174
Contributions in relation to the statutorily required contribution	(112,622)	(108,408)	(103,272)	(99,863)	(90,397)	(88,635)	(100,124)	(105,368)	(94,505)	(82,174)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 1,193,030	1,148,388	1,156,456	1,118,287	1,012,290	992,556	1,121,209	1,215,317	1,171,066	1,182,360
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2019 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2019:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using scale MP-2018.
- 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 2018 valuation implemented the following refinements as a result of an experience study dated March 24, 2018:

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

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

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

SUPPLEMENTARY INFORMATION

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

	<u>Special Revenue</u>		
	Student Activity	Debt Service	Total Nonmajor
Assets			
Cash and pooled investments	\$ 28,820	64,867	93,687
Receivables:			
Accounts	3,044	-	3,044
Total assets	<u>\$ 31,864</u>	<u>64,867</u>	<u>96,731</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 4,245	64,867	69,112
Fund balances:			
Restricted for:			
Student activities	27,619	-	27,619
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,864</u>	<u>64,867</u>	<u>96,731</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	<u>Special Revenue</u>		
	Student Activity	Debt Service	Total Nonmajor
Revenues:			
Local sources:			
Other	\$ 59,654	-	59,654
Expenditures:			
Current:			
Instruction:			
Other	51,708	-	51,708
Long-term debt:			
Principal	-	55,000	55,000
Interest and fiscal charges	-	23,023	23,023
Total expenditures	51,708	78,023	129,731
Excess (Deficiency) of revenues over (under) expenditures	7,946	(78,023)	(70,077)
Other financing sources:			
Transfer in	-	78,023	78,023
Change in fund balances	7,946	-	7,946
Fund balances beginning of year	19,673	-	19,673
Fund balances end of year	\$ 27,619	-	27,619

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

DIAGONAL COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND ACCOUNTS
YEAR ENDED JUNE 30, 2020

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 60,454	48,656	109,110
Receivables:			
Property tax:			
Delinquent	-	977	977
Succeeding year	-	85,070	85,070
Due from other governments	8,991	-	8,991
Total assets	\$ 69,445	134,703	204,148
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 37,739	331	38,070
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	85,070	85,070
Fund balances:			
Restricted for:			
School infrastructure	31,706	-	31,706
Physical plant and equipment	-	49,302	49,302
Total fund balances	31,706	49,302	81,008
Total liabilities, deferred inflows of resources and fund balances	\$ 69,445	134,703	204,148

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	73,639	73,639
Other	1,538	4,555	6,093
State sources	106,612	146	106,758
Total revenues	108,150	78,340	186,490
Expenditures:			
Current:			
Support services:			
Instructional staff	46,845	871	47,716
Capital outlay	682,432	36,549	718,981
Total expenditures	729,277	37,420	766,697
Excess (Deficiency) of revenues over (under) expenses	(621,127)	40,920	(580,207)
Other financing uses:			
Transfer out	(78,023)	-	(78,023)
Change in fund balances	(699,150)	40,920	(658,230)
Fund balances beginning of year	730,856	8,382	739,238
Fund balances end of year	\$ 31,706	49,302	81,008

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfer	Balance End of Year
Athletics	\$ 2,779	27,463	26,526	(373)	3,343
Concessions	1,979	6,350	6,149	(435)	1,745
Camps	190	-	-	-	190
Robotics Club	-	800	398	-	402
BackPack - Little Phil	835	-	-	-	835
Class of 2018	632	-	-	-	632
Class of 2019	1,080	-	-	-	1,080
Class of 2020	7,432	9,027	12,523	-	3,936
Class of 2021	-	5,512	2,372	-	3,140
Class of 2022	-	5,099	-	-	5,099
Annual	251	1,302	1,926	373	-
Drama	473	520	105	-	888
Student Council	104	-	-	-	104
National Honor Society	580	400	20	-	960
Pink Out Project	1,505	-	77	-	1,428
Maroon Reader	539	1,061	1,009	-	591
Help Little Phil	225	600	294	435	966
Operation Inspiration	150	353	309	-	194
Memorials	919	-	-	-	919
Yarn Club	-	1,167	-	-	1,167
Total	\$ 19,673	59,654	51,708	-	27,619

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Local sources:										
Local tax	\$ 787,649	734,182	667,071	685,818	695,205	683,401	624,526	678,952	727,655	691,808
Tuition	229,549	336,220	302,146	247,728	270,359	241,855	340,979	285,253	330,342	336,964
Other	121,215	153,493	160,984	141,090	217,759	152,197	240,388	162,482	386,555	397,434
State sources	974,259	879,830	917,017	792,494	658,794	814,138	832,444	628,374	567,841	636,723
Federal sources	77,853	62,127	52,455	49,086	63,490	81,995	96,796	106,390	122,027	126,066
Total	\$ 2,190,525	2,165,852	2,099,673	1,916,216	1,905,607	1,973,586	2,135,133	1,861,451	2,134,420	2,188,995
Expenditures:										
Instruction:										
Regular	\$ 795,071	834,633	704,607	846,294	684,100	607,493	780,044	935,569	998,799	854,741
Special	290,160	254,325	304,127	250,143	283,696	253,053	218,581	220,163	195,244	218,295
Other	147,909	216,034	230,191	206,827	182,705	217,174	237,323	228,001	245,814	393,185
Support services:										
Student	52,897	13,826	19,118	19,007	10,037	10,145	9,570	11,214	11,121	8,602
Instructional staff	59,794	73,001	56,724	85,222	53,624	50,390	68,882	85,953	15,846	59,093
Administration	314,208	283,966	272,958	277,097	222,804	231,656	244,817	251,419	256,960	240,804
Operation and maintenance of plant	195,830	213,969	182,912	187,832	152,966	183,169	187,091	206,794	177,415	178,812
Transportation	79,535	85,815	185,108	74,199	103,509	70,414	81,386	74,009	60,127	55,628
Capital outlay	718,981	195,235	55,708	83,033	176,103	4,133	11,948	20,977	74,168	99,764
Long-term debt:										
Principal	55,000	-	-	-	-	-	-	-	-	-
Interest	23,023	-	-	-	-	-	-	-	-	-
Other expenditures:										
AEA flowthrough	45,206	43,594	43,479	41,938	41,565	42,956	44,229	39,315	37,286	42,931
Total	\$ 2,777,614	2,214,398	2,054,932	2,071,592	1,911,109	1,670,583	1,883,871	2,073,414	2,072,780	2,151,855

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

To the Board of Education of Diagonal 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 Diagonal Community School District as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise Diagonal Community School District's basic financial statements, and have issued our report thereon dated May 5, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Diagonal 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 Diagonal Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Diagonal Community School District's internal control.

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

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

Compliance and Other Matters

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

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.

Diagonal Community School District's Responses to Findings

Diagonal Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Diagonal Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

May 5, 2021
Newton, Iowa

DIAGONAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2020

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

I-A-20 Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody, and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the District's financial statements.

Condition - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over one or more of the following areas for the District:

- 1) Cash - initiating cash receipts and disbursement transactions and handling and recording cash; posting and reconciling.
- 2) Investments - detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - collecting money, recording initial receipts, preparing deposit slip, depositing; journalizing, posting, and reconciling.
- 4) Payroll - signing and posting to the general ledger.
- 5) Financial reporting - preparing, reconciling and approving.
- 6) Computer systems - performing all general accounting functions and controlling all data input and output.
- 7) Journal entries - writing, approving, and posting.
- 8) School lunch program - collecting, recording initial deposit slip, depositing; recording to student accounts; posting and reconciling.

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

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

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

Response - The District continues to review the control procedures to obtain the maximum internal controls possible.

Conclusion - Response accepted.

Part II: Other Findings Related to Statutory Reporting:

- II-A-20 Certified Budget - District expenditures for the year ended June 30, 2020 exceeded the certified amended budgeted amounts in the other expenditures function and in total.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa.

Response - The District had amended the budget; however, the estimates did not account for unforeseen Covid-19 expenses which took the other expenditures function over the amended budget amount.

Conclusion - Response accepted.

- II-B-20 Questionable Expenditures - We noted expenditures that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979, as follows:

Sales Tax - We noted instances in which the District paid sales tax. As the District is a tax-exempt entity payments for sales tax would not appear to meet public purpose as defined in an Attorney General's opinion dated April 25, 1979.

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

Response - The District has reviewed our procedures that are in place with all parties involved in the purchasing process in order to make necessary adjustments to comply with the Attorney General's opinion.

Conclusion - Response accepted.

- II-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.

- II-D-20 Business Transactions - Business transactions between the District and District officials or employees were noted, as follows:

Name, Title and Business Connection	Transaction Description	Amount
Gina Warren, Board Member Owns Diagonal Building Products	Supplies	\$3,846
Sophie Thomas, Teacher Owns Homemade with Heart	Services	30

In accordance with Chapter 279.7A of the Code of Iowa, the above transactions with a board member do not appear to represent a conflict of interest.

In accordance with an Attorney General's opinion dated July 2, 1990, the above transactions with District employees do not appear to represent a conflict of interest.

- II-E-20 Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

- II-F-20 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- II-G-20 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-H-20 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-I-20 Supplementary Weighting - no variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-J-20 Deposits and Investments - We noted 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.
- II-K-20 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-L-20 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- II-M-20 Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance		\$ 730,856
Revenues:		
Sales tax revenues	\$ 106,612	
Other local revenues	<u>1,538</u>	<u>108,150</u>
Expenditures/transfers out:		
School infrastructure construction	607,557	
Equipment	96,912	
Other	24,808	
Transfers to other funds:		
Debt service fund	<u>78,023</u>	<u>807,300</u>
Ending balance		<u><u>\$ 31,706</u></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.