

GARNER-HAYFIELD-VENTURA  
COMMUNITY SCHOOL DISTRICT

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

Year Ended June 30, 2020

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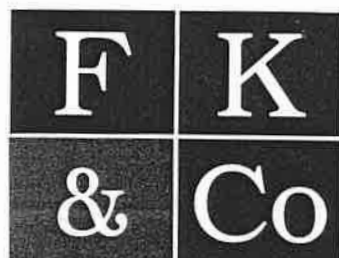
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Garner-Hayfield-Ventura Community School District

Officials

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
<b>Board of Education</b>		
Pamela Roberts	President	2023
Jay Larkin	Vice President	2021
Kim Upmeyer	Board Member	2023
Jack Toppin	Board Member	2021
Steve Watson	Board Member	2021
<b>School Officials</b>		
Tyler Williams	Superintendent	Indefinite
Patricia A. Schmidt	District Secretary/ Treasurer/Business Manager	Indefinite
Ahlers Law Firm	Attorney	Indefinite

Garner-Hayfield-Ventura Community School District



**FALLER, KINCHELOE & Co, PLC**

**Certified Public Accountants**

Independent Auditor's Report

To the Board of Education of  
Garner-Hayfield-Ventura 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 Garner-Hayfield-Ventura Community School District (District), Garner, 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

### *Basis for Adverse Opinion on Aggregate Discretely Presented Component Units*

The financial statements referred to above do not include financial data for the District's legally separate component units. Accounting principles applicable to the cash basis of accounting require financial data for these component units to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component units. The District has not issued such reporting entity financial statements. The amounts by which this departure would affect the revenues, expenditures and the fund balances of the aggregate discretely presented component units has not been determined.

### *Adverse Opinion on Aggregate Discretely Presented Component Units*

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the District as of June 30, 2020, or the changes in financial position thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### *Unmodified Opinions*

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

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 47 through 52 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 the 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 four years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on the financial statement of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information. The supplementary information included in Schedules 1 through 9 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. Because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units" paragraph above, it is inappropriate to, and we do not, express an opinion on the supplementary information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 18, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Faller, Kincheloe & Co., PLC". The signature is written in a cursive, flowing style.

Faller, Kincheloe & Co., PLC

February 18, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

### **2020 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$11,854,507 in fiscal year 2019 to \$12,957,921 in fiscal year 2020, and General Fund expenditures decreased from \$12,144,980 in fiscal year 2019 to \$11,674,189 in fiscal year 2020. The District's General Fund balance increased from (\$369,072) at the end of fiscal year 2019 to \$914,660 at the end of fiscal year 2020.
- The increase in General Fund revenues was due to an increase in property tax revenue. The decrease in expenditures was due to a decrease in wages and benefits paid to employees of the District, primarily due to staff reductions and employee retirements.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

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

Supplementary Information provides detailed information about the non-major governmental funds and the non-major enterprise funds.

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

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

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

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

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

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

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

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, is the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has four Enterprise Funds, the School Nutrition Fund, the Before and After School Fund, the Preschool Fund and the Student Construction Fund. Internal Service Funds, the other type of proprietary fund, are optional and available to report activities that provide services for other District programs and activities. The District currently has one Internal Service Fund, the Flexible Spending Fund.

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

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

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

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

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

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Figure A-1 below provides a summary of the District's net assets at June 30, 2020 compared to June 30, 2019.

**Figure A-1**  
**Condensed Statement of Net Position**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-2020
Current and other assets	\$ 12,064	10,305	294	333	12,358	10,638	16.2%
Capital assets	16,349	16,912	13	17	16,362	16,929	-3.3%
Total assets	28,413	27,217	307	350	28,720	27,567	4.2%
Deferred outflows of resources	1,267	1,611	51	54	1,318	1,665	-20.8%
Long-term liabilities	13,953	14,909	334	295	14,287	15,204	-6.0%
Other liabilities	1,455	1,098	36	85	1,491	1,183	26.0%
Total liabilities	15,408	16,007	370	380	15,778	16,387	-3.7%
Deferred inflows of resources	8,363	7,579	57	28	8,420	7,607	10.7%
Net position:							
Net investment in							
capital assets	10,724	10,832	13	17	10,737	10,849	-1.0%
Restricted	3,110	3,200	-	-	3,110	3,200	-2.8%
Unrestricted	(7,925)	(8,790)	(82)	(21)	(8,007)	(8,811)	9.1%
Total net position	\$ 5,909	5,242	(69)	(4)	5,840	5,238	11.5%

The District's total net position increased by 11.5%, or approximately \$602,000, from the prior year.

The largest portion of the District's net assets 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 sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased approximately \$90,000, or 2.8% under the prior year. The decrease was primarily a result of a decreased restricted fund balance in the Special Revenue, Management Levy Fund.

Unrestricted net position – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$804,000, or 9.1%. The negative balance in unrestricted net position was primarily a result of the District's net pension liability and other post-employment benefits liability balance at June 30, 2020.

Figure A-2 shows the changes in net position for the year ended June 30, 2020 compared to the year ended June 30, 2019.

**Figure A-2**  
**Changes in Net Position**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	2020	2019	2020	2019	2020	2019	2019-2020
Revenues:							
Program revenues:							
Charges for service	\$ 1,834	2,178	536	351	2,370	2,529	-6.3%
Operating grants, contributions and restricted interest	2,145	1,966	263	249	2,408	2,215	8.7%
Capital grants, contributions and restricted interest	13	9	-	-	13	9	44.4%
General revenues:							
Property tax	6,792	5,677	-	-	6,792	5,677	19.6%
Income surtax	226	352	-	-	226	352	-35.8%
Statewide sales, services and use tax	932	904	-	-	932	904	3.1%
Unrestricted state grants	2,899	2,770	-	-	2,899	2,770	4.7%
Unrestricted investment earnings	14	27	1	1	15	28	-46.4%
Other	40	51	-	-	40	51	-21.6%
Total revenues	14,895	13,934	800	601	15,695	14,535	8.0%
Program expenses:							
Instruction	8,657	9,095	242	10	8,899	9,105	-2.3%
Support services	4,144	4,197	-	-	4,144	4,197	-1.3%
Non-instructional programs	2	2	623	529	625	531	17.7%
Other expenses	1,425	1,354	-	-	1,425	1,354	5.2%
Total expenses	14,228	14,648	865	539	15,093	15,187	-0.6%
Change in net position	667	(714)	(65)	62	602	(652)	51.8%
Net position beginning of year	5,242	5,956	(4)	(66)	5,238	5,890	-11.1%
Net position end of year	\$ 5,909	5,242	(69)	(4)	5,840	5,238	11.5%

In fiscal year 2020, property tax and unrestricted state grants accounted for 65.1% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.9% of business type activities revenue.

The District's total revenues were approximately \$15.695 million, of which approximately \$14.895 million was for governmental activities and approximately \$800,000 was for business type activities.

As shown in Figure A-2, the District as a whole experienced a 8.0% increase in revenues and a 0.6% decrease in expenses. Property tax revenue increased approximately \$1,150,000. This is what primarily caused the increase in revenue in fiscal year 2020. The decrease in expenses is primarily due to a decrease in salary and benefit costs.

## Governmental Activities

Revenues for governmental activities were \$14,894,442 and expenses were \$14,227,519 for the year ended June 30, 2020. In another difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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

<b>Figure A-3</b>						
<b>Total and Net Cost of Governmental Activities</b>						
<b>(Expressed in Thousands)</b>						
	<b>Total Cost of Services</b>			<b>Net Cost of Services</b>		
	2020	2019	Change 2019-2020	2020	2019	Change 2019-2020
Instruction	\$ 8,657	9,095	-4.8%	5,246	5,445	-3.7%
Support services	4,144	4,197	-1.3%	4,029	4,156	-3.1%
Non-instructional programs	2	2	0.0%	2	2	0.0%
Other expenses	1,425	1,354	5.2%	958	892	7.4%
<b>Total</b>	<b>\$ 14,228</b>	<b>14,648</b>	<b>-2.9%</b>	<b>10,235</b>	<b>10,495</b>	<b>-2.5%</b>

For the year ended June 30, 2020:

- The cost financed by users of the District's programs was \$1,834,230.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,154,842.
- The net cost of governmental activities was financed with \$7,949,461 in property and other taxes and \$2,898,663 in unrestricted state grants.

## Business Type Activities

Revenues for business type activities were \$800,689 representing a 33.2% increase over the prior year while expenses totaled \$864,904 a 60.3% increase over the prior year. The District's business type activities include the School Nutrition Fund, the Before and After School Fund, the Preschool Fund and the Student Construction Fund. Revenues of these activities were comprised of charges for service, sale of a student constructed house, federal and state reimbursements and investment income.

The increase in revenues and expenses in the year can be attributed to the District selling a student built house in fiscal year 2020, with no house sold in fiscal year 2019. The increase in expenses was due to the cost incurred by the District to see the student constructed house.

## INDIVIDUAL FUND ANALYSIS

As previously noted, the 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 \$3,448,616, a significant increase from last year's ending fund balances of \$2,186,972.

## **Governmental Fund Highlights**

- The District's increasing General Fund financial position is the result of many factors. An increase in property tax revenue was the major cause of this decrease.

The General Fund balance increased from (\$369,072) to \$914,660. This represents a \$1,283,732 increase from the previous year. This increase is a result of a decrease in wage and benefit costs incurred by the District and an increase in property tax revenue.

- The Capital Projects Fund balance decreased by \$349,335 from fiscal year 2019 to fiscal year 2020. Expenditures decreased approximately \$73,000 from fiscal year 2019 to fiscal year 2020. This decrease in expenditures were due to less building addition and building renovations in fiscal year 2020. However, transfers out increased approximately \$458,000 from fiscal year 2019 to fiscal year 2020.

## **Proprietary Fund Highlights**

School Nutrition Fund net position decreased from (\$204,464) at June 30, 2019 to (\$269,299) at June 30, 2020, a decrease of approximately 31.7%. Historically, the District continues to spend more money from this fund than the revenues received by this fund.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, the Garner-Hayfield-Ventura Community School District did not amend its budget.

The District's revenues were \$81,769 less than budgeted revenues, a variance of less than 1.0%. The most significant variance resulted from the District receiving less money from local sources than originally anticipated.

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

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2020, the District had invested approximately \$16.362 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-4). This represents a net decrease of 3.3% 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 \$980,059.

The original cost of the District's capital assets was approximately \$30.63 million. Governmental funds account for approximately \$30.35 million, with the remaining approximate \$0.28 million accounted for in the Proprietary, School Nutrition Fund.

Fixed asset additions were less than depreciation expense in the year. As a result, the District realized a net decrease in capital assets of 3.3% from last year.

**Figure A-4**  
**Capital Assets, net of Depreciation**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-2020
Land	\$ 76	76	-	-	76	76	0.0%
Construction in progress	-	214	-	-	-	214	-100.0%
Buildings	14,933	15,118	-	-	14,933	15,118	-1.2%
Improvements other than buildings	475	444	-	-	475	444	7.0%
Furniture and equipment	865	1,060	13	17	878	1,077	-18.5%
<b>Total assets</b>	<b>\$ 16,349</b>	<b>16,912</b>	<b>13</b>	<b>17</b>	<b>16,362</b>	<b>16,929</b>	<b>-3.3%</b>

### Long-Term Debt

At June 30, 2020, the District had \$5,625,000 in total long-term debt outstanding compared to \$6,080,000 outstanding at June 30, 2019. This represents a decrease of approximately 7.5% from last year. Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is \$0 at June 30, 2020.

### ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District will need to continue to look for ways to cut costs in the coming years to address increases in enrollment and expenses.
- Having a better inventory of equipment and establishing tighter internal regulations on purchases will help prevent unnecessary expenditures.
- Low allowable growth over several years and enrollment decreases may negatively impact the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.

### 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 Business Manager, Garner-Hayfield-Ventura Community School District, P.O. Box 449, Garner, Iowa, 50438.

## Basic Financial Statements

## Statement of Net Position

June 30, 2020

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 4,423,678	56,777	4,480,455
Receivables:			
Property tax:			
Delinquent	53,902	-	53,902
Succeeding year	6,997,187	-	6,997,187
Accounts	90,996	-	90,996
Due from other funds	10,330	-	10,330
Due from other governments	487,697	-	487,697
Inventories	-	236,704	236,704
Capital assets, net of accumulated depreciation	16,349,080	13,408	16,362,488
<b>Total assets</b>	<b>28,412,870</b>	<b>306,889</b>	<b>28,719,759</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	1,093,744	44,269	1,138,013
OPEB related deferred outflows	173,012	7,100	180,112
<b>Total deferred outflows of resources</b>	<b>1,266,756</b>	<b>51,369</b>	<b>1,318,125</b>
<b>Liabilities</b>			
Accounts payable	133,944	5,650	139,594
Salaries and benefits payable	1,078,326	-	1,078,326
Due to other governments	161,971	-	161,971
Due to other funds	-	6,330	6,330
Unearned revenue	-	22,569	22,569
Accrued interest payable	80,627	-	80,627
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	465,000	-	465,000
Compensated absences	130,731	3,087	133,818
Portion due after one year:			
Revenue bonds	5,160,000	-	5,160,000
Net pension liability	5,028,750	203,715	5,232,465
Total OPEB liability	3,168,817	130,032	3,298,849
<b>Total liabilities</b>	<b>15,408,166</b>	<b>371,383</b>	<b>15,779,549</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	6,997,187	-	6,997,187
Pension related deferred inflows	1,139,645	46,126	1,185,771
OPEB related deferred inflows	225,701	9,262	234,963
<b>Total deferred inflows of resources</b>	<b>8,362,533</b>	<b>55,388</b>	<b>8,417,921</b>
<b>Net position</b>			
Net investment in capital assets	10,724,080	13,408	10,737,488
Restricted for:			
Categorical funding	656,477	-	656,477
Debt service	639,575	-	639,575
Management levy purposes	72,527	-	72,527
Student activities	144,966	-	144,966
School infrastructure	1,090,249	-	1,090,249
Physical plant and equipment	506,012	-	506,012
Unrestricted	(7,924,959)	(81,921)	(8,006,880)
<b>Total net position</b>	<b>\$ 5,908,927</b>	<b>(68,513)</b>	<b>5,840,414</b>

See notes to financial statements.

## Statement of Activities

Year ended June 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest			
	Expenses	Charges for Service			Governmental Activities	Business Type Activities	Total
<b>Functions / Programs:</b>							
Governmental activities:							
Instruction:							
Regular instruction	\$ 5,530,877	1,164,969	1,378,703	-	(2,987,205)	-	(2,987,205)
Special instruction	1,230,007	330,202	147,921	-	(751,884)	-	(751,884)
Other instruction	1,896,042	316,218	72,549	-	(1,507,275)	-	(1,507,275)
	<u>8,656,926</u>	<u>1,811,389</u>	<u>1,599,173</u>	<u>-</u>	<u>(5,246,364)</u>	<u>-</u>	<u>(5,246,364)</u>
Support services:							
Student	543,171	-	-	-	(543,171)	-	(543,171)
Instructional staff	447,188	-	-	-	(447,188)	-	(447,188)
Administration	1,361,042	-	-	-	(1,361,042)	-	(1,361,042)
Operation and maintenance of plant	1,202,967	12,750	-	-	(1,190,217)	-	(1,190,217)
Transportation	589,216	10,091	91,802	-	(487,323)	-	(487,323)
	<u>4,143,584</u>	<u>22,841</u>	<u>91,802</u>	<u>-</u>	<u>(4,028,941)</u>	<u>-</u>	<u>(4,028,941)</u>
Non-instructional programs	2,022	-	-	-	(2,022)	-	(2,022)
Other expenditures:							
Facilities acquisition	142,294	-	-	13,024	(129,270)	-	(129,270)
Long-term debt interest	164,248	-	17,160	-	(147,088)	-	(147,088)
AEA flowthrough	436,683	-	436,683	-	-	-	-
Depreciation (unallocated)*	681,762	-	-	-	(681,762)	-	(681,762)
	<u>1,424,987</u>	<u>-</u>	<u>453,843</u>	<u>13,024</u>	<u>(958,120)</u>	<u>-</u>	<u>(958,120)</u>
Total governmental activities	<u>14,227,519</u>	<u>1,834,230</u>	<u>2,144,818</u>	<u>13,024</u>	<u>(10,235,447)</u>	<u>-</u>	<u>(10,235,447)</u>
Business type activities:							
Instructional programs:							
Student construction	241,802	254,000	-	-	-	12,198	12,198
Non-instructional programs:							
School nutrition	567,914	238,687	263,347	-	-	(65,880)	(65,880)
Before and after school	55,188	33,648	-	-	-	(21,540)	(21,540)
Preschool	-	9,962	-	-	-	9,962	9,962
	<u>864,904</u>	<u>536,297</u>	<u>263,347</u>	<u>-</u>	<u>-</u>	<u>(65,260)</u>	<u>(65,260)</u>
Total business type activities	<u>864,904</u>	<u>536,297</u>	<u>263,347</u>	<u>-</u>	<u>-</u>	<u>(65,260)</u>	<u>(65,260)</u>
Total	<u>\$ 15,092,423</u>	<u>2,370,527</u>	<u>2,408,165</u>	<u>13,024</u>	<u>(10,235,447)</u>	<u>(65,260)</u>	<u>(10,300,707)</u>
<b>General Revenues:</b>							
Property tax levied for:							
General purposes					\$ 6,400,737	-	6,400,737
Capital outlay					391,167	-	391,167
Statewide sales, services and use tax					931,684	-	931,684
Income surtax					225,873	-	225,873
Unrestricted state grants					2,898,663	-	2,898,663
Unrestricted investment earnings					14,213	1,045	15,258
Gain on sale of assets					19,666	-	19,666
Other					20,367	-	20,367
					<u>10,902,370</u>	<u>1,045</u>	<u>10,903,415</u>
Total general revenues					<u>10,902,370</u>	<u>1,045</u>	<u>10,903,415</u>
Change in net position					666,923	(64,215)	602,708
Net position beginning of year					5,242,004	(4,298)	5,237,706
Net position end of year					<u>\$ 5,908,927</u>	<u>(68,513)</u>	<u>5,840,414</u>

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

## Garner-Hayfield-Ventura Community School District

Exhibit C

Balance Sheet  
Governmental Funds

June 30, 2020

	General	Capital Projects	Nonmajor	Total
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 1,942,379	1,702,252	759,235	4,403,866
Receivables:				
Property tax:				
Delinquent	49,170	3,137	1,595	53,902
Succeeding year	6,154,399	392,788	450,000	6,997,187
Accounts	1,186	-	89,810	90,996
Due from other funds	15,380	-	4,106	19,486
Due from other governments	233,039	254,318	340	487,697
<b>Total assets</b>	<b>\$ 8,395,553</b>	<b>2,352,495</b>	<b>1,305,086</b>	<b>12,053,134</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 25,681	28,740	76,302	130,723
Salaries and benefits payable	1,078,326	-	-	1,078,326
Due to other governments	161,971	-	-	161,971
Due to other funds	4,106	-	-	4,106
Total liabilities	1,270,084	28,740	76,302	1,375,126
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	6,154,399	392,788	450,000	6,997,187
Other	56,410	175,795	-	232,205
Total deferred inflows of resources	6,210,809	568,583	450,000	7,229,392
Fund balances:				
Restricted for:				
Categorical funding	656,477	-	-	656,477
Debt service	-	158,911	561,291	720,202
Management levy purposes	-	-	72,527	72,527
Student activities	-	-	144,966	144,966
School infrastructure	-	1,090,249	-	1,090,249
Physical plant and equipment	-	506,012	-	506,012
Unassigned	258,183	-	-	258,183
Total fund balances	914,660	1,755,172	778,784	3,448,616
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,395,553</b>	<b>2,352,495</b>	<b>1,305,086</b>	<b>12,053,134</b>

See notes to financial statements.

Garner-Hayfield-Ventura Community School District

Exhibit D

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position

June 30, 2020

**Total fund balances of governmental funds (page 19)** **\$ 3,448,616**

***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.

16,349,080

The Internal Service Fund is used by management to charge the costs of the District's flexible spending plan and funding of the health insurance plan to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.

11,541

Other long-term assets are not available to pay current period expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.

232,205

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.

(80,627)

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources  
Deferred inflows of resources

\$ 1,266,756  
(1,365,346)

(98,590)

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

(13,953,298)

**Net position of governmental activities (page 17)**

**\$ 5,908,927**

See notes to financial statements.

## Garner-Hayfield-Ventura Community School District

Exhibit E

Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2020

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 6,308,618	576,653	198,491	7,083,762
Tuition	1,362,575	-	-	1,362,575
Other	108,794	22,973	310,721	442,488
State sources	4,831,127	936,558	2,568	5,770,253
Federal sources	327,141	-	-	327,141
Total revenues	12,938,255	1,536,184	511,780	14,986,219
Expenditures:				
Current:				
Instruction:				
Regular	5,127,429	-	133,938	5,261,367
Special	1,200,019	-	5,014	1,205,033
Other	1,485,739	-	363,273	1,849,012
	7,813,187	-	502,225	8,315,412
Support services:				
Student	507,842	-	2,605	510,447
Instructional staff	214,078	252,312	1,108	467,498
Administration	1,246,613	7,158	32,214	1,285,985
Operation and maintenance of plant	1,034,552	-	69,794	1,104,346
Transportation	421,234	6,366	33,237	460,837
	3,424,319	265,836	138,958	3,829,113
Non-instructional programs	-	-	2,022	2,022
Other expenditures:				
Facilities acquisition	-	536,044	-	536,044
Long-term debt:				
Principal	-	-	455,000	455,000
Interest and fiscal charges	-	-	169,967	169,967
AEA flowthrough	436,683	-	-	436,683
	436,683	536,044	624,967	1,597,694
Total expenditures	11,674,189	801,880	1,268,172	13,744,241
Excess (deficiency) of revenues over (under) expenditures	1,264,066	734,304	(756,392)	1,241,978
Other financing sources (uses):				
Sale of capital assets	19,666	-	-	19,666
Transfers in	-	-	1,083,639	1,083,639
Transfers out	-	(1,083,639)	-	(1,083,639)
Total other financing sources (uses)	19,666	(1,083,639)	1,083,639	19,666
Change in fund balances	1,283,732	(349,335)	327,247	1,261,644
Fund balances beginning of year	(369,072)	2,104,507	451,537	2,186,972
Fund balances end of year	\$ 914,660	1,755,172	778,784	3,448,616

See notes to financial statements.

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
to the Statement of Activities

Year ended June 30, 2020

**Net change in fund balances - total governmental funds (page 21)**

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

1,261,644

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 were less than depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 413,365	
Depreciation expense	<u>(976,311)</u>	(562,946)

Because some revenues will not be collected for several months after the year end, they are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds

(111,443)

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

455,000

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.

5,719

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.

523,401

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

Compensated absences	23,126	
Pension expense	(798,448)	
OPEB expense	<u>(125,127)</u>	(900,449)

The Internal Service Fund is used by management to charge the costs of the District's flexible spending plan and funding of the health insurance plan to individual funds. The changes in net assets of the Internal Service Fund are reported in governmental activities.

(4,003)

**Change in net position of governmental activities (page 18)**

\$ 666,923

Statement of Net Position  
Proprietary Funds

June 30, 2020

	Business - Type Activities			Governmental Activities
	Enterprise School Nutrition	Nonmajor Enterprise Funds	Total	Internal Service - Flexible Spending
<b>Assets</b>				
Current assets:				
Cash, cash equivalents and pooled investments	\$ 37,453	19,324	56,777	19,812
Inventories	15,698	221,006	236,704	-
Total current assets	53,151	240,330	293,481	19,812
Noncurrent assets:				
Capital assets, net of accumulated depreciation	13,408	-	13,408	-
Total noncurrent assets	13,408	-	13,408	-
<b>Total assets</b>	66,559	240,330	306,889	19,812
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	40,058	4,211	44,269	-
OPEB related deferred outflows	6,323	777	7,100	-
<b>Total deferred outflows of resources</b>	46,381	4,988	51,369	-
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	616	5,034	5,650	3,221
Due to other funds	6,330	-	6,330	5,050
Unearned revenue	22,569	-	22,569	-
Total current liabilities	29,515	5,034	34,549	8,271
Noncurrent liabilities:				
Compensated absences payable	2,749	338	3,087	-
Net pension liability	184,176	19,539	203,715	-
Total OPEB liability	115,811	14,221	130,032	-
Total noncurrent liabilities	302,736	34,098	336,834	-
<b>Total liabilities</b>	332,251	39,132	371,383	8,271
<b>Deferred Inflows of Resources</b>				
Pension related deferred inflows	41,739	4,387	46,126	-
OPEB related deferred inflows	8,249	1,013	9,262	-
<b>Total deferred inflows of resources</b>	49,988	5,400	55,388	-
<b>Net Position</b>				
Net investment in capital assets	13,408	-	13,408	-
Unrestricted	(282,707)	200,786	(81,921)	11,541
<b>Total net position</b>	\$ (269,299)	200,786	(68,513)	11,541

See notes to financial statements.

## Garner-Hayfield-Ventura Community School District

Exhibit H

Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Funds

Year ended June 30, 2020

	Business - Type Activities			Governmental Activities
	Enterprise School Nutrition	Nonmajor Enterprise Funds	Total	Internal Service - Flexible Spending
Operating revenues:				
Local sources:				
Sale of student constructed house	\$ -	254,000	254,000	-
Charges for services	233,065	43,610	276,675	-
Charges to employees	-	-	-	57,176
Miscellaneous	5,622	-	5,622	-
Total operating revenue	238,687	297,610	536,297	57,176
Operating expenses:				
Instruction:				
Other instruction	-	241,802	241,802	-
	-	241,802	241,802	-
Non-instructional programs:				
Food service operations:				
Salaries	231,986	-	231,986	-
Benefits	39,496	-	39,496	-
Supplies	288,391	-	288,391	-
Depreciation	3,748	-	3,748	-
Interest	4,293	-	4,293	-
Other enterprise operations:				
Salaries	-	28,841	28,841	-
Benefits	-	4,518	4,518	-
Supplies	-	21,829	21,829	-
Flexible spending claims	-	-	-	61,424
	567,914	55,188	623,102	61,424
Total operating expenses	567,914	296,990	864,904	61,424
Operating income (loss)	(329,227)	620	(328,607)	(4,248)
Non-operating revenues:				
State sources	3,462	-	3,462	-
Federal sources	259,885	-	259,885	-
Interest income	1,045	-	1,045	245
Total non-operating revenues	264,392	-	264,392	245
Increase (Decrease) in net position	(64,835)	620	(64,215)	(4,003)
Net position beginning of year	(204,464)	200,166	(4,298)	15,544
Net position end of year	\$ (269,299)	200,786	(68,513)	11,541

See notes to financial statements.

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2020

	Business - Type Activities			Governmental Activities
	Enterprise School Nutrition	Nonmajor Enterprise Funds	Total	Internal Service - Flexible Spending
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 246,194	-	246,194	-
Cash received from sale of student constructed house	-	254,000	254,000	-
Cash received from charges for service	-	43,910	43,910	-
Cash received from miscellaneous	5,622	-	5,622	-
Cash received from employees	(290,453)	-	(290,453)	57,176
Cash paid to employees for services	(168,078)	(257,043)	(425,121)	-
Cash paid to suppliers for goods and services	-	(18,351)	(18,351)	(60,646)
Cash paid for interest	(4,293)	-	(4,293)	-
Net cash provided (used) by operating activities	(211,008)	22,516	(188,492)	(3,470)
Cash flows from non-capital financing activities:				
State grants received	3,462	-	3,462	-
Federal grants received	222,127	-	222,127	-
Net cash provided by non-capital financing activities	225,589	-	225,589	-
Cash flows from capital and related financing activities:				
Decrease in due from other funds	4,406	-	4,406	19,331
Decrease in bank overdrafts	-	(19,691)	(19,691)	(19,331)
Decrease in due to other funds	(51,367)	(2,451)	(53,818)	-
Net cash provided (used) by capital and related financing activities	(46,961)	(22,142)	(69,103)	-
Cash flows from investing activities:				
Interest on investments	1,045	-	1,045	245
Net increase (decrease) in cash and cash equivalents	(31,335)	374	(30,961)	(3,225)
Cash and cash equivalents beginning of year	68,788	18,950	87,738	23,037
Cash and cash equivalents end of year	\$ 37,453	19,324	56,777	19,812
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (329,227)	620	(328,607)	(4,248)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Commodities used	39,905	-	39,905	-
Depreciation	3,748	-	3,748	-
Decrease in accounts receivable	56	75	131	-
Decrease in due from other governments	-	225	225	-
(Increase) Decrease in inventories	(2,132)	7,822	5,690	-
(Increase) Decrease in deferred outflows of resources	2,556	(197)	2,359	-
Increase in accounts payable	381	4,746	5,127	778
Increase in compensated absences payable	193	40	233	-
Increase in unearned revenue	13,073	-	13,073	-
Increase in pension liability	15,537	3,186	18,723	-
Increase in deferred inflows of resources	24,706	2,919	27,625	-
Increase in OPEB liability	20,196	3,080	23,276	-
Net cash provided (used) by operating activities	\$ (211,008)	22,516	(188,492)	(3,470)

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2020, the District received \$39,905 of federal commodities.

See notes to financial statements.

Garner-Hayfield-Ventura Community School District

Exhibit J

Statement of Fiduciary Net Position  
Fiduciary Fund

June 30, 2020

	Private Purpose Trust Scholarship
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 28,427
<b>Total assets</b>	<u>28,427</u>
<b>Liabilities</b>	
Due to other funds	<u>4,000</u>
<b>Total liabilities</b>	<u>4,000</u>
<b>Net position</b>	
Restricted for scholarships	<u>\$ 24,427</u>

See notes to financial statements.

Garner-Hayfield-Ventura Community School District

Exhibit K

Statement of Changes in Fiduciary Net Position  
Fiduciary Fund

Year ended June 30, 2020

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Gifts and donations	\$ 8,000
Interest income	402
Total additions	<u>8,402</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>7,000</u>
Change in net position	1,402
Net position beginning of year	<u>23,025</u>
Net position end of year	<u>\$ 24,427</u>

See notes to financial statements.

# Garner-Hayfield-Ventura Community School District

## Notes to Financial Statements

June 30, 2020

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Garner-Hayfield-Ventura Community School District (District) is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and 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 Cities of Garner, Hayfield and Ventura, Iowa, and the predominate agricultural territory of Hancock and Cerro Gordo 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 (GASB).

#### A. Reporting Entity

For financial reporting purposes, the 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.

These financial statements present the Garner-Hayfield-Ventura Community School District (the primary government) and exclude the District's component units. The component units discussed below are not included in the District's reporting entity although their operational or financial relationship with the District is significant

#### Excluded Discretely Presented Component Units

- The Garner-Hayfield Community School District Education Foundation was created to financially support the Garner-Hayfield Community School system and post high school scholarship support to graduates of the school. The Foundation is a separate legal entity with its own accounting records and board of trustees. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented.
- The Garner-Hayfield Sports Booster Club was created to financially support the Garner-Hayfield Community School system and the athletic department activities. The Booster Club is a separate legal entity with its own accounting records and board of trustees. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Booster Club meets the definition of a component unit which should be discretely presented.

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

B. Basis of Presentation

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

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

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

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

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources 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 and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. All remaining enterprise funds are aggregated and reported as nonmajor enterprise 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 that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

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

The District also reports the following major proprietary fund:

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

The District also reports the following non-major proprietary funds:

The District's non-major proprietary funds are the Enterprise, Before and After School Fund, the Preschool Fund and the Student Construction Fund, as well as the Internal Service, Flexible Spending Fund. The Before and After School Fund is used to account for the before and after school childcare operations of the District. The Preschool Fund is used to account for preschool operations of the District. The Student Construction Fund is used to account for the proceeds from the sale of and the costs of the construction of houses. The Flexible Spending Fund is used to account for the flexible health and childcare benefits program offered by the District.

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

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

#### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Pooled Investments - 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 and the Goldman Sachs Financial Square Funds – Government Fund which are valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized cost.

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

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 that 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 1 1/2% 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, government commodities and for constructed items. Inventories of proprietary funds are recorded as expenses when consumed or constructed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture 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	\$ 3,000
Buildings	3,000
Improvements other than buildings	3,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	20-50 years
Improvements other than buildings	20 years
Intangibles	3-10 years
Furniture and equipment	5-12 years

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

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

**Unearned Revenue** – Unearned revenues are monies collected for meals that have not yet been served. The meal account balances will either be reimbursed, or will be used when meals are served. The meal account balances are reflected in the Statement of Net Position in the Enterprise, School Nutrition Fund.

**Compensated Absences** – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

**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.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund, the Enterprise, School Nutrition Fund and the Enterprise, Before and After School Fund.

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied, the unrecognized items not yet charged to pension expense and OPEB, changes in assumptions in relation to OPEB and the unamortized portion of the difference between expected and actual experience related to OPEB.

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classification.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, expenditures did not exceed the amounts budgeted.

### (2) **CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS**

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

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

Interest rate risk – The District’s investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the District.

At June 30, 2020, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Diversified Portfolio which are valued at an amortized cost of \$7,289 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor’s Financial Services.

At June 30, 2020, the District had investments in the Goldman Sachs Financial Square Funds – Government Fund which are valued at an amortized cost of \$254,522, pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the Goldman Sachs investments. The investment in Goldman Sachs Financial Square Funds – Government Fund was rated AAAM by Standard & Poor’s Financial Services.

**(3) DUE FROM AND DUE TO OTHER FUNDS**

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

Receivable Fund	Payable Fund	Amount
General	Enterprise:	
	Nutrition	\$ 6,330
	Internal Service:	
	Flexible Spending	5,050
	Fiduciary:	
	Scholarship	4,000
		<u>15,380</u>
Special Revenue:		
Management Levy	General	<u>4,106</u>
	Total	<u>\$ 19,486</u>

The above due from/to amounts represents corrections of incorrect recording of transactions, funds due from one fund to another fund in order to record the related expenditures in the proper fund, and the temporary borrowing of monies between funds to meet cash flow requirements.

**(4) 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	<u>\$ 1,083,639</u>

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

(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
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 76,153	-	-	76,153
Construction in progress	213,692	237,575	(451,267)	-
Total capital assets not being depreciated	289,845	237,575	(451,267)	76,153
Capital assets being depreciated:				
Buildings	23,876,597	497,263	-	24,373,860
Improvements other than buildings	1,362,136	93,715	-	1,455,851
Furniture and equipment	4,405,056	36,079	-	4,441,135
Total capital assets being depreciated	29,643,789	627,057	-	30,270,846
Less accumulated depreciation for:				
Buildings	8,758,970	681,762	-	9,440,732
Improvements other than buildings	917,716	62,824	-	980,540
Furniture and equipment	3,344,922	231,725	-	3,576,647
Total accumulated depreciation	13,021,608	976,311	-	13,997,919
Total capital assets being depreciated, net	16,622,181	(349,254)	-	16,272,927
Governmental activities capital assets, net	\$ 16,912,026	(111,679)	(451,267)	16,349,080
<b>Business type activities:</b>				
Furniture and equipment	\$ 279,200	-	-	279,200
Less accumulated depreciation	262,044	3,748	-	265,792
Business type activities capital assets, net	\$ 17,156	(3,748)	-	13,408

Depreciation expense was charged to the following functions:

**Governmental activities:**

Instruction:

Regular

\$ 42,945

Other

56,197

Support services:

Administration

2,269

Operation and maintenance of plant

83,141

Transportation

109,997

294,549

Unallocated

681,762

Total depreciation expense - governmental activities

\$ 976,311

**Business type activities:**

Food service operations

\$ 3,748

(6) **LONG-TERM LIABILITIES**

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
Revenue bonds	\$ 6,080,000	-	455,000	5,625,000	465,000
Compensated absences	153,857	130,731	153,857	130,731	130,731
Net pension liability	5,552,989	-	524,239	5,028,750	-
Total OPEB liability	3,121,704	47,113	-	3,168,817	-
<b>Total</b>	<b>\$14,908,550</b>	<b>177,844</b>	<b>1,133,096</b>	<b>13,953,298</b>	<b>595,731</b>
<b>Business type activities:</b>					
Compensated absences	\$ 2,854	3,087	2,854	3,087	-
Net pension liability	184,992	18,723	-	203,715	-
Total OPEB liability	106,756	23,276	-	130,032	-
<b>Total</b>	<b>\$ 294,602</b>	<b>45,086</b>	<b>2,854</b>	<b>336,834</b>	<b>-</b>

**Revenue Bonds**

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

Year Ending June 30,	Bond Issue of July 1, 2010			Bond Issue of December 29, 2015		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2021	3.60%	\$ 75,000	37,780	1.50%	\$ 63,000	19,549
2022	3.85%	80,000	34,890	1.50%	64,000	18,596
2023	4.00%	85,000	31,650	1.95%	65,000	17,482
2024	4.05%	90,000	28,127	1.95%	66,000	16,204
2025	4.10%	90,000	24,460	2.50%	69,000	14,697
2026-2030	4.15-4.40%	530,000	59,743	2.50-3.65%	421,000	41,942
<b>Total</b>		<b>\$ 950,000</b>	<b>216,650</b>		<b>\$ 748,000</b>	<b>128,470</b>

Year Ending June 30,	Bond Issue of December 29, 2015			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2021	2.60%	\$ 327,000	97,851	465,000	155,180	620,180
2022	2.60%	336,000	89,232	480,000	142,718	622,718
2023	2.60%	345,000	80,379	495,000	129,511	624,511
2024	2.60%	349,000	71,357	505,000	115,688	620,688
2025	2.60%	361,000	62,127	520,000	101,284	621,284
2026-2030	2.60%	2,209,000	163,605	3,160,000	265,290	3,425,290
<b>Total</b>		<b>\$ 3,927,000</b>	<b>564,551</b>	<b>5,625,000</b>	<b>909,671</b>	<b>6,534,671</b>

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,730,000 bonds issued in August 2011 and \$5,205,000 and \$1,000,000 revenue bonds issued in December 2015. The bonds were issued for the purpose of financing a portion of the costs of major school improvements and additions. 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 fiscal year 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 67% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$6,534,671. For the current year, principal and interest paid on the bonds and total statewide sales, services and use tax revenues were \$621,973 and \$931,684, respectively.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- b) \$158,911 of the proceeds from the issuance of the revenue bonds shall be deposited to the reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited in the project account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

#### Early Retirement

The Garner-Hayfield and the Ventura Community School Districts have all approved early retirement plans to its employees in various years prior to the 2015-2016 school year. The requirements in order to be eligible for early retirement have varied throughout the years. Each application for early retirement was subject to the approval by the Board of Education.

The District also approved a voluntary early retirement plan for every year subsequent to the 2014-2015 school year. Eligibility requirements and the early retirement benefit have varied throughout the years. Each application for early retirement was subject to the approval of the Board of Education.

As a result of the District merger effective in the 2015-2016 school year, the Garner-Hayfield-Ventura Community School District is now responsible for the remaining liability from the prior offerings. Actual early retirement costs paid out for the year ended June 30, 2020 totaled \$108,082.

The early retirement benefits are accounted for as an explicit benefit, with the liability part of the Total OPEB liability amount in accordance with Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

#### **(7) OPERATING LEASES**

The District entered into various operating lease to lease copier equipment and other electronic equipment, with the lease paid on a monthly basis. The leases have been classified as operating leases and, accordingly, all rents are charged to expense as incurred. These leases have a term of 60 months.

The following is a schedule of future payments required under the operating leases which have an initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2020:

Year Ended June 30,	Amount
2021	\$ 18,871
2022	18,871
2023	5,334
2024	274
	<u>\$ 43,350</u>

During the fiscal year, total expenditures incurred in relation to this lease agreement were \$18,793.

**(8) PENSION PLAN**

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

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

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 that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2020 totaled \$547,615.

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 \$5,232,465 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 0.0903574%, which was a decrease of 0.000315% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020 the District recognized pension expense of \$868,162. 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	\$ 14,505	188,126
Changes of assumptions	560,453	-
Net difference between projected and actual earnings on IPERS' investments	-	589,616
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	15,440	408,029
District contributions subsequent to the measurement date	547,615	-
Total	\$ 1,138,013	1,185,771

\$547,615 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	\$ (39,044)
2022	(244,192)
2023	(173,339)
2024	(123,165)
2025	(15,633)
	<u>\$ (595,373)</u>

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payment 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 that is 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	\$ 9,290,851	5,232,465	1,828,006

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](http://www.ipers.org).

Payables to IPERS - At June 30, 2020, the District reported payables to IPERS of \$0 for legally required District contributions and \$0 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

#### (9) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

OPEB Benefits - Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability. Retirees who receive health insurance as a benefit at the District's expense are accounted for as an explicit subsidy and results in an OPEB explicit liability. This results in an explicit rate subsidy and is added to the Total OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	11
Active employees	97
Total	108

Total OPEB Liability - The District's total OPEB liability of \$3,298,849 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2020

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

Rate of Inflation (effective June 30, 2020)	3.00% per annum.
--	------------------

Rates of salary increase (effective June 30, 2020)	3.5% per annum.
Discount rate (effective June 30, 2020)	2.21% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	6.00% initial rate decreasing to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.21% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are updated from the Pub-2010 mortality table with generational scale MP-2019. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	<u>\$ 3,228,460</u>
Changes for the year:	
Service cost	259,825
Interest	118,190
Difference between expected and actual experiences	(204,226)
Changes in assumptions	119,478
Benefit payments	<u>(222,878)</u>
Net changes	<u>70,389</u>
Total OPEB liability end of year	<u><u>\$ 3,298,849</u></u>

Changes of assumptions reflect a change in the discount rate from 3.50% in fiscal year 2019 to 2.21% in fiscal year 2020.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.21%) or 1% higher (3.21%) than the current discount rate.

	<u>1% Decrease (1.21%)</u>	<u>Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB liability	\$ 3,522,000	3,299,000	3,090,000

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.00%) or 1% higher (7.00%) than the current healthcare cost trend rates.

	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	\$ 3,070,000	3,299,000	3,571,000

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**  
– For the year ended June 30, 2020, the District recognized OPEB expense of \$374,310. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	190,298
Changes in assumptions	180,112	44,665
Total	\$ 180,112	234,963

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

Year Ended June 30,	Amount
2021	\$ (3,705)
2022	(3,705)
2023	(3,705)
2024	(3,705)
2025	(3,705)
Thereafter	(36,326)
	\$ (54,851)

#### (10) RISK MANAGEMENT

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

#### (11) 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 \$436,683 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.

**(12) TAX ABATEMENTS**

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

Tax Abatements of Other Entities

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Garner	Urban renewal and economic development projects	\$ 43,370

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2020, this reimbursement amounted to \$22,149.

**(13) DEFICIT FUND BALANCES**

The following deficit fund balances existed at June 30, 2020:

Enterprise, School Nutrition	\$ 269,299
Enterprise, Before and After School	20,861

The Enterprise, School Nutrition Fund and the Enterprise, Before and After School Fund deficits were caused by the net pension liability and the total OPEB liability at June 30, 2020.

**(14) COMMITMENTS**

In fiscal year 2020 the District agreed to purchase a lot for \$26,507 for use by the student construction class to build a house. The cost of this lot was paid for in fiscal year 2021.

In fiscal year 2020, the District agreed to sell a lot for \$14,000. The funds from this sale was received in fiscal year 2021.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal or state government. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to not be material.

**(15) 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
Four-year old preschool state aid	\$ 156,895
Limited english proficient	9,688
Drop out prevention	46,457
Health care trust fund	500
Youth development grant	27
Teacher salary supplement	150,243
Model core curriculum	4,000
Successful progression for early readers	66,990
Professional development for model core curriculum	106,408
Professional development	29,485
Home school assistance	50,696
Teacher leadership state aid	35,088
Total	<u>\$ 656,477</u>

**(16) COVID-19**

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

To date, the outbreak has not created a material disruption to the operations of the District. 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 District's operations and finances.

**(17) SUBSEQUENT EVENTS**

The District has evaluated subsequent events through February 18, 2021, which is the date the financial statements were available to be issued.

**(18) PROSPECTIVE ACCOUNTING CHANGE**

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

## Required Supplementary Information

Garner-Hayfield-Ventura 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 Fund Actual	Total Actual	Less Funds Not Required to be Budgeted	Net	Budgeted Amounts Original/Final	Final to Actual Variance
Revenues:							
Local sources	\$ 8,888,825	594,763	9,483,588	57,421	9,426,167	9,606,314	(180,147)
State sources	5,770,253	3,462	5,773,715	-	5,773,715	5,639,863	133,852
Federal sources	327,141	259,885	587,026	-	587,026	622,500	(35,474)
Total revenues	14,986,219	858,110	15,844,329	57,421	15,786,908	15,868,677	(81,769)
Expenditures/Expenses:							
Instruction	8,315,412	241,802	8,557,214	-	8,557,214	8,586,000	28,786
Support services	3,829,113	-	3,829,113	-	3,829,113	4,242,500	413,387
Non-instructional programs	2,022	684,526	686,548	61,424	625,124	755,000	129,876
Other expenditures	1,597,694	-	1,597,694	-	1,597,694	1,694,641	96,947
Total expenditures/expenses	13,744,241	926,328	14,670,569	61,424	14,609,145	15,278,141	668,996
Excess (deficiency) of revenues over (under) expenditures/expenses	1,241,978	(68,218)	1,173,760	(4,003)	1,177,763	590,536	587,227
Other financing sources, net	19,666	-	19,666	-	19,666	-	19,666
Change in fund balance	1,261,644	(68,218)	1,193,426	(4,003)	1,197,429	590,536	606,893
Balances beginning of year	2,186,972	11,246	2,198,218	15,544	2,182,674	1,916,721	265,953
Balances end of year	\$ 3,448,616	(56,972)	3,391,644	11,541	3,380,103	2,507,257	872,846

See accompanying independent auditor's report.

Garner-Hayfield-Ventura 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 Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

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

During the year ended June 30, 2020, expenditures did not exceed the amounts budgeted.

Garner-Hayfield-Ventura Community School District

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Four Years\*  
(In Thousands)

Required Supplementary Information

	2020	2019	2018	2017
District's proportion of the net pension liability	0.090357%	0.090673%	0.096842%	0.098030%
District's proportionate share of the net pension liability	\$ 5,232	5,738	6,451	6,169
District's covered payroll	\$ 6,877	6,815	7,229	7,035
District's proportionate share of the net pension liability as a percentage of its covered payroll	76.08%	84.20%	89.24%	87.69%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%

\* 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.

Garner-Hayfield-Ventura Community School District

Schedule of District Contributions

Iowa Public Employees' Retirement System  
For the Last Five Years\*  
(In Thousands)

Required Supplementary Information

	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 548	649	609	646	628
Contributions in relation to the statutorily required contribution	(548)	(649)	(609)	(646)	(628)
Contribution deficiency (excess)	\$ -	-	-	-	-
District's covered payroll	\$ 5,800	6,877	6,815	7,229	7,035
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%	8.93%

\* - District was a new entity as of July 1, 2015.

See accompanying independent auditor's report.

Garner-Hayfield-Ventura Community School District

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

Garner-Hayfield-Ventura Community School District

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

For the Last Three Years  
Required Supplementary Information

	2020	2019	2018
Service cost	\$ 259,825	237,372	228,528
Interest cost	118,190	121,076	98,506
Difference between expected and actual experiences	(204,226)	-	-
Changes in benefit terms	-	-	473,465
Changes in assumptions	119,478	84,247	(61,637)
Benefit payments	(222,878)	(210,869)	(118,568)
Net change in total OPEB liability	70,389	231,826	620,294
Total OPEB liability beginning of year	3,228,460	2,996,634	2,376,340
Total OPEB liability end of year	\$ 3,298,849	3,228,460	2,996,634
Covered employee payroll	\$ 6,331,724	6,507,000	6,286,814
Total OPEB liability as a percentage of covered-employee payroll	52.10%	49.62%	47.67%

See accompanying Independent Auditor's Report.

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2020	2.21%
Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

## Supplementary Information

## Garner-Hayfield-Ventura Community School District

Schedule 1

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2020

	Special Revenue			
	Student Activity	Management Levy	Debt Service	Total
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 129,153	68,791	561,291	759,235
Receivables:				
Property tax:				
Delinquent	-	1,595	-	1,595
Succeeding year	-	450,000	-	450,000
Accounts	89,810	-	-	89,810
Due from other funds	-	4,106	-	4,106
Due from other governments	340	-	-	340
<b>Total assets</b>	<b>\$ 219,303</b>	<b>524,492</b>	<b>561,291</b>	<b>1,305,086</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 74,337	1,965	-	76,302
Total liabilities	74,337	1,965	-	76,302
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	450,000	-	450,000
Total deferred inflows of resources	-	450,000	-	450,000
Fund balances:				
Restricted for:				
Debt service	-	-	561,291	561,291
Management levy purposes	-	72,527	-	72,527
Student activities	144,966	-	-	144,966
Total fund balances	144,966	72,527	561,291	778,784
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 219,303</b>	<b>524,492</b>	<b>561,291</b>	<b>1,305,086</b>

See accompanying independent auditor's report.

## Garner-Hayfield-Ventura Community School District

Schedule 2

Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2020

	Special Revenue		Debt Service	Total
	Student Activity	Management Levy		
Revenues:				
Local sources:				
Local tax	\$ -	198,491	-	198,491
Other	306,546	3,230	945	310,721
State sources	-	2,568	-	2,568
Total revenues	306,546	204,289	945	511,780
Expenditures:				
Current:				
Instruction:				
Regular	-	133,938	-	133,938
Special	-	5,014	-	5,014
Other	355,778	7,495	-	363,273
Support services:				
Student	-	2,605	-	2,605
Instructional staff	-	1,108	-	1,108
Administration	-	32,214	-	32,214
Operation and maintenance of plant	-	69,794	-	69,794
Transportation	-	33,237	-	33,237
Non-instructional programs	-	2,022	-	2,022
Other expenditures:				
Long-term debt:				
Principal	-	-	455,000	455,000
Interest and fiscal charges	-	-	169,967	169,967
Total expenditures	355,778	287,427	624,967	1,268,172
Excess (deficiency) of revenues over (under) expenditures	(49,232)	(83,138)	(624,022)	(756,392)
Other financing sources (uses):				
Transfers in	-	-	1,083,639	1,083,639
Total other financing sources (uses)	-	-	1,083,639	1,083,639
Change in fund balances	(49,232)	(83,138)	459,617	327,247
Fund balances beginning of year	194,198	155,665	101,674	451,537
Fund balances end of year	\$ 144,966	72,527	561,291	778,784

See accompanying independent auditor's report.

## Garner-Hayfield-Ventura Community School District

Schedule 3

Combining Schedule of Net Position  
Nonmajor Enterprise Funds

June 30, 2020

	Before and After School	Preschool	Student Construction	Total
<b>Assets</b>				
Current assets:				
Cash, cash equivalents and pooled investments	\$ 18,627	600	97	19,324
Receivables:				
Inventories	-	-	221,006	221,006
<b>Total assets</b>	<b>18,627</b>	<b>600</b>	<b>221,103</b>	<b>240,330</b>
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	4,211	-	-	4,211
OPEB related deferred outflows	777	-	-	777
<b>Total deferred outflows of resources</b>	<b>4,988</b>	<b>-</b>	<b>-</b>	<b>4,988</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	4,978	-	56	5,034
<b>Total current liabilities</b>	<b>4,978</b>	<b>-</b>	<b>56</b>	<b>5,034</b>
Noncurrent liabilities:				
Compensated absences payable	338	-	-	338
Net pension liability	19,539	-	-	19,539
Total OPEB liability	14,221	-	-	14,221
<b>Total noncurrent liabilities</b>	<b>34,098</b>	<b>-</b>	<b>-</b>	<b>34,098</b>
<b>Total liabilities</b>	<b>39,076</b>	<b>-</b>	<b>56</b>	<b>39,132</b>
<b>Deferred Inflows of Resources</b>				
Pension related deferred inflows	4,387	-	-	4,387
OPEB related deferred inflows	1,013	-	-	1,013
<b>Total deferred inflows of resources</b>	<b>5,400</b>	<b>-</b>	<b>-</b>	<b>5,400</b>
<b>Net Position</b>				
Unrestricted	(20,861)	600	221,047	200,786
<b>Total net position</b>	<b>\$ (20,861)</b>	<b>600</b>	<b>221,047</b>	<b>200,786</b>

See accompanying independent auditor's report.

## Garner-Hayfield-Ventura Community School District

Schedule 4

Combining Schedule of Revenues, Expenses  
and Changes in Fund Net Position  
Nonmajor Enterprise Funds

Year ended June 30, 2020

	Before and After School	Preschool	-Student Construction	Total
Operating revenues:				
Local sources:				
Sale of student constructed house	\$ -	-	254,000	254,000
Charges for service	33,648	9,962	-	43,610
Total operating revenues	33,648	9,962	254,000	297,610
Operating expenses:				
Instruction:				
Other instruction	-	-	241,802	241,802
	-	-	241,802	241,802
Non-instructional programs:				
Other enterprise operations:				
Salaries	28,841	-	-	28,841
Benefits	4,518	-	-	4,518
Supplies	21,829	-	-	21,829
	55,188	-	-	55,188
Total operating expenses	55,188	-	241,802	296,990
Increase (Decrease) in net position	(21,540)	9,962	12,198	620
Net position beginning of year	679	(9,362)	208,849	200,166
Net position end of year	\$ (20,861)	600	221,047	200,786

See accompanying independent auditor's report.

Combining Schedule of Cash Flows  
Nonmajor Enterprise Funds

Year ended June 30, 2020

	Before and After School	Preschool	Student Construction	Total
<b>Cash flows from operating activities:</b>				
Cash received from sale of student constructed house	\$ -	-	254,000	254,000
Cash received from charges for service	33,648	10,262	-	43,910
Cash payments to employees for services	(13,169)	(9,662)	(234,212)	(257,043)
Cash payments to suppliers for goods and services	(18,351)	-	-	(18,351)
Net cash provided by operating activities	2,128	600	19,788	22,516
<b>Cash flows from capital and related financing activities:</b>				
Decrease in bank overdrafts	-	-	(19,691)	(19,691)
Decrease in due to other funds	(2,451)	-	-	(2,451)
Net cash used by capital and related financing activities	(2,451)	-	(19,691)	(22,142)
Net increase (decrease) in cash and cash equivalents	(323)	600	97	374
Cash and cash equivalents at beginning of year	18,950	-	-	18,950
Cash and cash equivalents at end of year	\$ 18,627	600	97	19,324
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ (21,540)	9,962	12,198	620
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Decrease in accounts receivable	-	75	-	75
Decrease in due from other governments	-	225	-	225
Decrease in inventories	-	-	7,822	7,822
(Increase) Decrease in deferred outflows of resources	(2,175)	1,978	-	(197)
Increase (Decrease) in accounts payable	4,978	-	(232)	4,746
Increase (Decrease) in compensated absences payable	138	(98)	-	40
Increase (Decrease) in net pension liability	10,014	(6,828)	-	3,186
Increase (Decrease) in deferred inflows of resources	3,940	(1,021)	-	2,919
Increase (Decrease) in OPEB liability	6,773	(3,693)	-	3,080
Net cash provided by operating activities	\$ 2,128	600	19,788	22,516

See accompanying independent auditor's report.

## Garner-Hayfield-Ventura Community School District

Schedule 6

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2020

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Restricted Fund Balance	\$ 21,934	2,304	-	61	24,299
Drama and Speech	12,467	2,627	6,027	-	9,067
Musical	1,847	-	1,495	-	352
Cross Country	1,568	1,000	408	-	2,160
Boys Basketball	806	1,250	508	-	1,548
Football	2,502	1,710	3,048	-	1,164
Boys Soccer	1,058	1,250	603	-	1,705
Baseball	891	2,333	2,849	-	375
Boys Track	3,367	500	743	-	3,124
TIC	9,372	5,368	3,735	-	11,005
Boys Golf	2,069	500	-	-	2,569
Wrestling	4,362	1,250	4,480	-	1,132
Girls Basketball	2,695	1,750	1,629	-	2,816
Volleyball	1,697	6,352	502	-	7,547
Girls Soccer	1,948	1,250	-	-	3,198
Softball	895	1,642	1,263	-	1,274
Girls Track	2,160	500	262	-	2,398
Girls Golf	617	500	471	-	646
Athletics	3,539	70,658	87,339	-	(13,142)
JH Athletics	1,509	-	1,786	-	(277)
Ahletic Uniforms	25,909	11,765	16,726	-	20,948
Coaches Apparel	3,021	1,935	1,569	-	3,387
Weight Room	8,887	5,269	11,416	-	2,740
FFA	24,710	48,236	49,673	-	23,273
FCCLA	5,748	4,630	2,224	-	8,154
NHS	1,279	1,205	520	-	1,964
Retail Marketing	(17)	-	-	-	(17)
Followship of Christian Athletes	498	-	335	-	163
Cheerleading	3,295	2,150	2,539	-	2,906
Pep Club	455	-	-	-	455
Student Council	855	1,505	1,318	-	1,042
K-8 Student Council	8,183	3,209	2,480	9	8,921
Que Pasa	877	-	-	-	877
Spanish Trip	8,774	500	7,294	-	1,980
Class of 2015	352	-	-	-	352
Class of 2016	1,879	-	-	-	1,879
Class of 2017	1,515	-	-	-	1,515

See accompanying independent auditor's report.

## Garner-Hayfield-Ventura Community School District

Schedule 6

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2020

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Class of 2018	\$ (370)	-	-	-	(370)
Class of 2019	1,680	-	-	-	1,680
Class of 2020	1,288	3,400	4,250	-	438
Class of 2021	780	2,935	450	-	3,265
NCIBA	16	-	-	-	16
Band Trip	585	-	-	-	585
Colorguard	1,264	242	242	-	1,264
HS Solo and Ensemble	654	-	-	-	654
JH Solo and Ensemble	(146)	-	-	-	(146)
Impulse Dance Club	189	647	-	(242)	594
Impulse Music Group	(242)	-	-	242	-
HS Annual	516	1,615	7,662	-	(5,531)
JH Annual	(4,349)	1,230	708	-	(3,827)
HS Concessions	4,182	2,875	2,921	-	4,136
K-8 Concessions	(2,920)	-	-	-	(2,920)
PSAT Testing	399	590	1,111	-	(122)
Video Yearbook	698	-	-	-	698
Washington DC Trip	16,381	109,864	125,192	-	1,053
Curtain Club	5	-	-	(5)	-
Peer Helper Association	4	-	-	(4)	-
FCA	61	-	-	(61)	-
<b>Total</b>	<b>\$ 194,198</b>	<b>306,546</b>	<b>355,778</b>	<b>-</b>	<b>144,966</b>

See accompanying independent auditor's report.

## Garner-Hayfield-Ventura Community School District

Schedule 7

Combining Balance Sheet  
Capital Projects Fund Accounts

June 30, 2020

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 1,170,637	531,615	1,702,252
Receivables:			
Property tax:			
Delinquent	-	3,137	3,137
Succeeding year	-	392,788	392,788
Due from other governments	78,523	175,795	254,318
<b>Total assets</b>	<b>\$ 1,249,160</b>	<b>1,103,335</b>	<b>2,352,495</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	28,740	28,740
Total liabilities	-	28,740	28,740
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	392,788	392,788
Other	-	175,795	175,795
Total deferred inflows of resources	-	568,583	568,583
Fund balances:			
Restricted for:			
Debt service	158,911	-	158,911
School infrastructure	1,090,249	-	1,090,249
Physical plant and equipment	-	506,012	506,012
Total fund balances	1,249,160	506,012	1,755,172
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,249,160</b>	<b>1,103,335</b>	<b>2,352,495</b>

See accompanying independent auditor's report.

## Garner-Hayfield-Ventura Community School District

Schedule 8

Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances

## Capital Projects Fund Accounts

Year ended June 30, 2020

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	576,653	576,653
Other	16,215	6,758	22,973
State sources	931,684	4,874	936,558
Total revenues	947,899	588,285	1,536,184
Expenditures:			
Current:			
Support services:			
Instructional staff	-	252,312	252,312
Administration	-	7,158	7,158
Transportation	-	6,366	6,366
Other expenditures:			
Facilities acquisition	147,965	388,079	536,044
Total expenditures	147,965	653,915	801,880
Excess (deficiency) of revenues over (under) expenditures	799,934	(65,630)	734,304
Other financing sources (uses):			
Transfers out	(1,083,639)	-	(1,083,639)
Total other financing sources (uses)	(1,083,639)	-	(1,083,639)
Change in fund balances	(283,705)	(65,630)	(349,335)
Fund balances beginning of year	1,532,865	571,642	2,104,507
Fund balances end of year	\$ 1,249,160	506,012	1,755,172

See accompanying independent auditor's report.

## Garner-Hayfield-Ventura Community School District

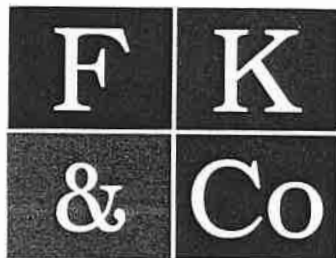
Schedule 9

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

For the Last Five Years

	Modified Accrual Basis				
	2020	2019	2018	2017	2016
Revenues:					
Local sources:					
Local tax	\$ 7,083,762	5,950,949	5,612,739	5,288,246	5,199,577
Tuition	1,362,575	1,509,954	1,444,501	1,472,619	1,377,833
Other	442,488	589,582	578,569	671,705	572,427
State sources	5,770,253	5,463,019	5,287,896	5,739,857	6,361,257
Federal sources	327,141	388,391	382,915	370,812	532,883
Total	<u>\$ 14,986,219</u>	<u>13,901,895</u>	<u>13,306,620</u>	<u>13,543,239</u>	<u>14,043,977</u>
Expenditures:					
Instruction:					
Regular	\$ 5,261,367	5,070,644	5,177,972	5,149,961	5,475,210
Special	1,205,033	1,421,528	1,365,734	1,354,185	1,416,922
Other	1,849,012	2,192,828	2,020,197	2,090,599	1,984,456
Support services:					
Student	510,447	494,632	484,704	479,557	487,530
Instructional staff	467,498	485,089	454,713	716,537	615,346
Administration	1,285,985	1,278,166	1,329,624	1,337,597	1,340,026
Operation and maintenance of plant	1,104,346	1,177,661	1,163,092	1,175,767	1,178,067
Transportation	460,837	532,082	553,476	583,345	487,993
Non-instructional programs	2,022	2,124	2,263	2,433	2,395
Other expenditures:					
Facilities acquisition	536,044	589,069	697,579	4,879,159	3,378,274
Long-term debt:					
Principal	455,000	440,000	430,000	485,000	65,000
Interest and other charges	169,967	182,128	192,685	202,820	132,991
AEA flowthrough	436,683	431,055	429,792	424,717	440,525
Total	<u>\$ 13,744,241</u>	<u>14,297,006</u>	<u>14,301,831</u>	<u>18,881,677</u>	<u>17,004,735</u>

See accompanying independent auditor's report.



**FALLER, KINCHELOE & CO, PLC**

**Certified Public Accountants**

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  
Garner-Hayfield-Ventura Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Garner-Hayfield-Ventura Community School District (District) as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 18, 2021. Our report expressed unmodified opinions on the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information, which were prepared in accordance with U.S. generally accepted accounting principles. Our report expressed an adverse opinion on the aggregate discretely presented component units due to the omission of the Garner-Hayfield Community School District Education Foundation, the Garner-Hayfield Sports Booster Club and the Ventura Community School District Foundation.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items I-A-20, I-B-20, I-C-20, I-F-20, I-G-20 and I-H-20 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items I-D-20 and I-E-20 to be significant deficiencies.

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## Compliance and Other Matters

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

## The District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The 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 result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the 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.



Faller, Kincheloe & Co., PLC

February 18, 2021

Garner-Hayfield-Ventura Community School District

Schedule of Findings

Year ended June 30, 2020

**Part I: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

**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 Garner-Hayfield-Ventura Community School District (District) financial statements.

Condition – Generally, one or two individuals has control over each of the following areas for which minimal or no compensating controls exist:

- (1) Cash – initiating cash disbursement transactions and recording cash.
- (2) Investments – investing, detailed recordkeeping, custody of investments and reconciling earnings.
- (3) Receipts – recording, journalizing, posting and reconciling.
- (4) Disbursements – purchase order processing, check preparation, mailing and recording.
- (5) Capital assets – purchasing, recording and reconciling.
- (6) Long-term debt – recording, reconciling and performing cash functions.
- (7) Wire transfers – processing and approving.
- (8) Payroll – recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.
- (9) Transfers – preparing and approving.
- (10) Financial reporting – preparing, reconciling and approving.
- (11) Computer systems – performing all general accounting functions and controlling all data input and output.
- (12) Journal entries – writing, approving and posting.

Cause – The District has a limited number of individuals 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 – The District should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff.

Garner-Hayfield-Ventura Community School District

Schedule of Findings

Year ended June 30, 2020

Response – The District will review its control procedures to obtain the maximum internal control possible with the limited staff it has.

Conclusion – Response acknowledged.

I-B-20 Preparation of Full Disclosure Financial Statements

Criteria - A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statements and accompanying notes to the financial statements by internal personnel of the entity.

Condition - As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Cause - We recognize that with a limited number of office employees, preparation of the financial statements and accompanying notes to the financial statements is difficult.

Effect - The effect of this condition is that the year-end financial reporting is prepared by a party outside of the District. The outside party does not have the constant contact with ongoing financial transactions.

Recommendation - We recommend that District officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances to enable staff to draft the financial statements and accompanying notes to the financial statements internally.

Response – These are very technical issues that the average citizen would not understand. This issue relates to auditor independence issues, and we accept the risk associated with not being able to prepare these documents and apply accounting principles in accordance with generally accepted accounting principles.

Conclusion – Response acknowledged.

I-C-20 Financial Reporting

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the District's financial statements.

Condition – Material adjustments were made to assets, liabilities, revenues and expenditures balances and accounts as of June 30, 2020 and for the fiscal year ended June 30, 2020.

Cause – District policies do not require and procedures have not been established to provide for an independent review of the financial statements and transactions to ensure these amounts are materially accurate.

Effect – Lack of District policies and procedures resulted in personnel not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the District's financial statements were necessary.

Garner-Hayfield-Ventura Community School District

Schedule of Findings

Year ended June 30, 2020

Recommendation – The District should establish procedures to ensure all transactions are properly recorded and reported in the District's financial statements.

Response – We will implement this recommendation to the best of our ability.

Conclusion – Response acknowledged.

I-D-20 Fixed Assets

Criteria – The District controls over fixed asset accountability are in need of improvement.

Condition - Fixed assets were not periodically counted and reconciled to the fixed asset listing by an independent person.

Cause - District policies do not require and procedures have not been established to ensure verification of fixed assets by an independent person.

Effect – Lack of performing a physical verification of fixed assets by an independent person could result in undetected errors or unauthorized activity.

Recommendation – To provide additional control over the proper recording of fixed assets, fixed assets should be periodically counted and reconciled to the fixed asset listing by a person who does not have custody of the fixed assets.

Response – We will review this situation.

Conclusion – Response acknowledged.

I-E-20 Receipts

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the District's financial statements.

Condition – Receipts are not deposited timely by the District. For example, nutrition receipts are normally deposited to the bank approximately two times per week.

Cause – District policies do not require and procedures have not been established to ensure all receipts are deposited timely.

Effect – Lack of District policies and procedures resulted in District employees not depositing timely.

Recommendation – The District should establish procedures to ensure all receipts are deposited timely and that receipt amounts paid through the internet are reconciled with actual receipts credited to the District's bank account.

Response – We will implement this recommendation.

Conclusion – Response acknowledged.

Garner-Hayfield-Ventura Community School District

Schedule of Findings

Year ended June 30, 2020

I-F-20 Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to reconciling monthly financial reports to all bank accounts.

Condition – Monthly reconciliation of the District's balances to the bank accounts are not being consistently performed for one bank account.

Cause – Policies have not been established and procedures have not been implemented to prepare bank reconciliations are being consistently performed for all bank accounts.

Effect – Lack of bank reconciliations could result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – The District should implement procedures to ensure all bank accounts are reconciled on a timely basis.

Response – We will implement this recommendation.

Conclusion – Response accepted.

I-G-20 Athletic Event Admission Fees

Criteria – The District's controls over cash being received for admission to the various athletic events throughout the year need improvements.

Condition - Pre-numbered admission tickets were not consistently issued for athletic events. As a result, there is less assurance that all cash collected for these events are accounted for properly.

Cause - District policies do not require and procedures have not been established to ensure pre-numbered admission tickets are used for all athletic events.

Effect – Lack of the use of pre-numbered admission tickets could result in undetected errors and unauthorized activity.

Recommendation – The District should issue pre-numbered admission tickets for athletic events. The District should then reconcile the dollar value of pre-numbered admission tickets issued to the dollar amount of cash deposited to the bank account.

Response – We will implement these recommendations.

Conclusion – Response acknowledged.

I-H-20 Fundraisers

Criteria – An effective internal control provides that all activity fund receipts are accounted for properly.

Condition - For Activity Fund fundraisers, there are no documented procedures in place to reconcile the cash receipts to the amount of money that should have been collected based on the quantity of merchandise purchased for resale or gross profit percentage.

Garner-Hayfield-Ventura Community School District

Schedule of Findings

Year ended June 30, 2020

Cause - District policies do not require and procedures have not been established to ensure there are procedures in place to reconcile the cash receipts to the amount of money that should have been collected based on the quantity of merchandise purchased for resale or gross profit percentage.

Effect – Lack of a fundraiser reconciliation could result in undetected errors and unauthorized activity.

Recommendation – The District should implement procedures for fundraisers which documents the reconciliation of actual monies collected to the amount of money that should have been collected based on quantity of merchandise purchased for resale or gross profit percentages.

Response – We will review this area.

Conclusion – Response acknowledged.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Garner-Hayfield-Ventura Community School District

Schedule of Findings

Year ended June 30, 2020

**Part II: Other Findings Related to Required Statutory Reporting:**

II-A-20 Certified Budget – Expenditures for the year ended June 30, 2020 did not exceed the certified budget amounts.

II-B-20 Questionable Disbursements – A disbursement we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented was noted. This disbursement is detailed as follows:

Paid to	Purpose	Amount
MARCO	Late Fee	\$ 20

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation – The Garner-Hayfield-Ventura Community School District (District) should determine and document the public purpose served by these disbursements before authorizing any further payments.

Response – We will review this issue.

Conclusion – Response acknowledged.

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 are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Pamela Roberts, Board Member Spouse owns Northside Auto	Vehicle service	\$ 431
Jay Larkin, Board Member Owner of Larkin Radon and Construction	Construction and supplies	8,664

In accordance with Chapter 279.7A of the Code of Iowa, the above transactions with Ms. Roberts does not appear to represent a conflict of interest.

In accordance with Chapter 279.7A of the Code of Iowa, the above transactions with Mr. Larkin would appear to represent a conflict of interest.

Recommendation – The District should contact legal counsel regarding the above related party transactions with the Board members to determine what, if any, corrective action is needed.

Response – We will discuss this with our School Attorney.

Conclusion – Response acknowledged.

Garner-Hayfield-Ventura Community School District

Schedule of Findings

Year ended June 30, 2020

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 – No transactions requiring Board approval which had not been approved by the Board were noted.

However, instances were noted where the board minutes and the related schedule of bills were not timely published. Chapter 279.35 of the Code of Iowa requires that all board minutes be published within two weeks of the board meeting, and that the schedule of bills allowed be published as required by the above Code section.

Recommendation – We recommend that the Board meeting minutes and the related schedule of bills allowed be published within two weeks of the Board meeting as required per the Code of Iowa.

Response – Due to the timing of our meetings and the newspaper publishing dates, this is difficult to do. However, we will do our best to implement this recommendation.

Conclusion – Response acknowledged.

II-H-20 Certified Enrollment – Variances in the basic enrollment data certified to the Iowa Department of Education were noted. We noted that the certified enrollment was understated by 1.0 student.

Recommendation – The District should develop procedures to ensure accurate counts and accurate enrollment data is certified to the Iowa Department of Education.

Response – We will implement this recommendation.

Conclusion – Response acknowledged.

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 – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and District's investment policy were noted, except, the District's depository resolution was not updated to include a new bank used by the District. Chapter 12C.2 of the Code of Iowa requires the District to pass a written resolution which distinctly names each depository approved and the maximum amount which may be kept on deposit in each depository.

Recommendation – The District ensure the depository resolution in effect complies with Chapter 12C.2 of the Code of Iowa.

Response – This was an oversight on our part. We will implement this recommendation in the future.

Conclusion – Response acknowledged.

II-K-20 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.

Garner-Hayfield-Ventura Community School District

Schedule of Findings

Year ended June 30, 2020

- II-L-20 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds. However, we noted one program in which the District did not record expenditures related to categorical funding until the end of the fiscal year. The Iowa Department of Education requires that all categorical funding be recorded to specific account codes. Since the District did not record categorical funding to specific account codes during the year, it appears that the District is not in compliance with the Iowa Department of Education requirements.

Recommendation – The District should contact the Iowa Department of Education regarding corrective action to be taken.

Response – We will implement this recommendation.

Conclusion – Response acknowledged.

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

Beginning balance		\$1,532,865
Revenues/transfers in:		
Other local revenues	\$ 16,215	
Sales tax revenues	931,684	947,899
		<u>2,480,764</u>
Expenditures/transfers out:		
School infrastructure construction	147,965	
Transfers to other funds:		
Debt service fund	1,083,639	1,231,604
		<u>1,231,604</u>
Ending balance		<u>\$1,249,160</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.

- II-N-20 Financial Condition – As noted on the Statement of Net Position, the Governmental Activities had a deficit unrestricted net position of \$7,924,959 and the Business Type Activities had a deficit unrestricted net position of \$81,921 at June 30, 2020. The Enterprise, School Nutrition Fund, and the Enterprise, Preschool Fund had deficit unrestricted net positions of \$269,299 and \$20,861 respectively, at June 30, 2020. Also, several student activity accounts had negative balances as of June 30, 2020.

Recommendation – The District should continue to investigate alternatives to eliminate these deficits in order to return the funds to a sound financial condition. Procedures should also be implemented to ensure all student activity accounts have a positive balance.

Garner-Hayfield-Ventura Community School District

Schedule of Findings

Year ended June 30, 2020

Response – The District will try to decrease expenditures and increase revenues of the Governmental Activities, the Business Type Activities and in the Enterprise Funds in order to not show deficit balances at year-end. We are also working to ensure all the student activity accounts are positive.

Conclusion – Response acknowledged.

II-O-20 Interfund Loans – The Iowa Department of Education issued a Declaratory Order (Order) dated October 22, 2009 outlining requirements for interfund loans. During the current and prior fiscal year, the District made loans between various funds. The District did not comply with the Order's requirements, as follows:

- The interfund loans were not always formally approved by the Board.
- A provision for interest was not included in the resolution authorizing the interfund loans.
- The loans were not repaid by October 1 of the fiscal year following the fiscal year in which the loan occurred. For loans unable to be repaid, the District did not follow the remedies available under Chapter 74, 278.1(5) or 24.22 of the Code of Iowa.

Recommendation – The District should comply with the requirements for existing and future interfund loans.

Response – We will implement this recommendation to the best of our ability.

Conclusion – Response acknowledged.

II-P-20 Open Enrollment Billing Controls – During our review, we identified over \$3,400 underbilled to other School Districts for open enrollment in tuition.

Recommendation – The District should implement procedures to ensure other School Districts are appropriately billed for open enrollment in tuition.

Response – These instances were an oversight on our part. We will do a better job in the future in relation to the above.

Conclusion – Response acknowledged.

II-Q-20 Early Retirement – The District offered an early retirement option during fiscal year 2016 effective for the 2016-2017 year. The early retirement option approved by the board provided a \$10,000 benefit. However, the board policy indicates that the maximum benefit under the early retirement option is \$2,500. This appears inconsistent.

In addition, the District is currently reimbursing individuals directly for health insurance premium costs, with no applicable taxes withheld and no reporting to the Internal Revenue Service of this additional compensation. Reimbursement of health insurance premium costs to retired employees may violate the U.S. Government Affordable Care Act (ACA) and provisions of the Internal Revenue Code.

Recommendation – The District should ensure the early retirement benefits offered are consistent with the Board policy. In addition, the District should ensure compliance with the ACA and the Internal Revenue Code.

Garner-Hayfield-Ventura Community School District

Schedule of Findings

Year ended June 30, 2020

Response – We will review this recommendation and implement accordingly.

Conclusion – Response acknowledged.

- II-R-20 Interfund Transfers – There was no indication that the interfund transfers were approved by the Board of Education. In addition, the amount of the interfund transfers exceeded the budget interfund transfers amount by \$458,672.

Recommendation – The District implement procedures to ensure all interfund transfers are approved by the Board of Education, and that all interfund transfers are included in the budget document.

Response – This was an oversight on our part. We will implement this recommendation in the future.

Conclusion – Response acknowledged.

- II-S-20 Unclaimed Property – Chapter 556.11 of the Code of Iowa requires all entities to report and remit outstanding obligations, including checks, trusts and bonds held for more than two years, to the Office of Treasurer of State annually. The District did not remit all outstanding obligations held for more than two years to the Office of Treasurer of State annually.

Recommendation – Outstanding obligations should be reviewed annually and amounts over two years old should be remitted to the Office of Treasurer of State.

Response – We will implement this recommendation.

Conclusion – Response acknowledged.

- II-T-20 Revenue Bonds - No instances of non-compliance with the revenue bond resolutions were noted.