

**Council Bluffs Community School District**  
Council Bluffs, Iowa

**Financial Statements and  
Supplementary Information  
June 30, 2020**

**Together with Independent Auditor's Report**

# Council Bluffs Community School District

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# Council Bluffs Community School District

## Officials

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<u>Officials</u>	<u>Board of Education</u>	<u>Term Expires</u>
Dave Coziahr	President	2023
Chris LaFerla	Vice President	2023
Troy Arthur	Board Member	2023
Jill Shudak	Board Member	2023
Kyle McGlade	Board Member	2021
Dr. Jill Ogg-Gress	Board Member	2021
John Minshall	Board Member	2021

### School Officials

Dr. Vickie Murillo	Superintendent
Dean Wilson	District Secretary/Treasurer and Chief Financial Officer

## Independent Auditor's Report

To the Board of Education  
Council Bluffs 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 Council Bluffs Community School District, Council Bluffs, Iowa (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, the Budgetary Comparison Information, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Contributions and Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 44 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary 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. The financial statements for the three years ended June 30, 2013 (which are not presented herein) were audited by other auditors, who expressed unmodified opinions on those financial statements. The supplementary information included on pages 50 through 58, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Seina Johnson, LLP*

Omaha, Nebraska,  
January 15, 2021.

# Council Bluffs Community School District

## Management's Discussion and Analysis

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The Council Bluffs Community School District provides this Management's Discussion and Analysis of its financial statements. The narrative overview and analysis of financial activities is for the fiscal years ended June 30, 2020 and 2019. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2020 FINANCIAL OVERVIEW

General Fund revenues decreased from \$119,201,367 in fiscal 2019 to \$118,447,158 in fiscal 2020. The decrease in General Fund revenues is attributed to less federal grant proceeds related to closing the District on March 16, 2020 due to the COVID pandemic. General Fund expenditures decreased from \$118,641,067 in fiscal 2019 to \$117,188,771 in fiscal 2020, primarily due to the COVID closure. The difference between fiscal 2020 revenues and expenditures resulted in a net surplus \$1,358,387. As a result, the District's General Fund balance increased from \$10,970,331 in fiscal 2019 to \$12,328,718 in fiscal 2020, which represents a 12.38% increase from the prior year.

The District's solvency ratio (unreserved-undesignated fund balance/general fund revenues-AEA Flow-through) increased from 8.69% at June 30, 2019, to 9.49% at June 30, 2020. The State School Budget Review Committee recommends a solvency ratio of 5%-10%.

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

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

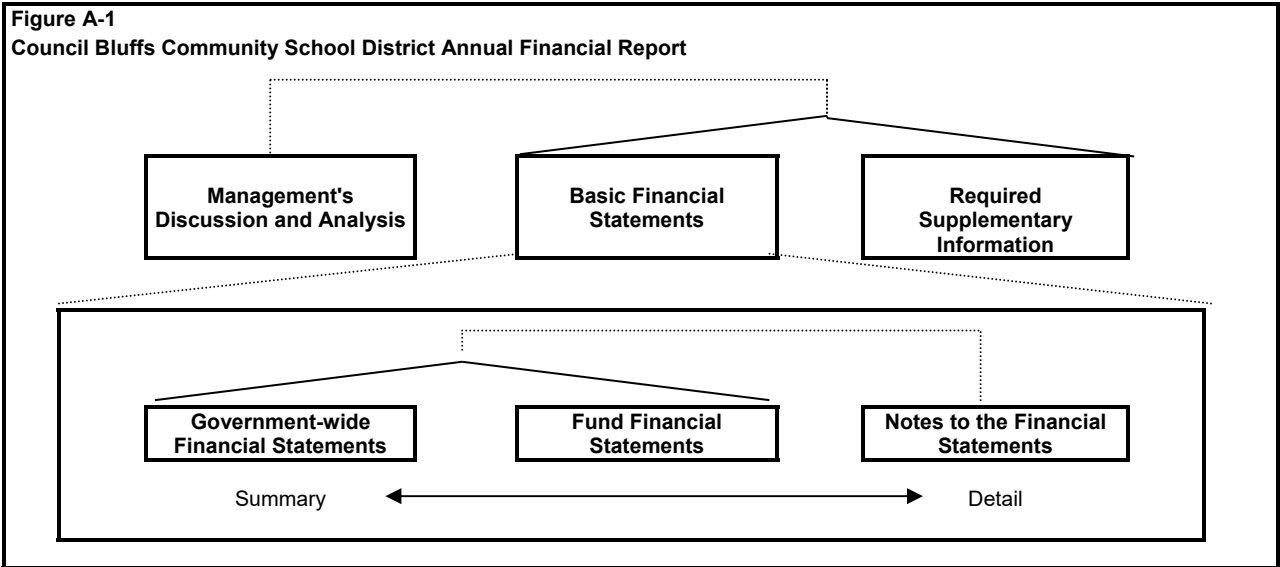
Other Supplementary Information provides detailed information about the non-major funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

# Council Bluffs Community School District

## Management's Discussion and Analysis

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





# Council Bluffs Community School District

## Management's Discussion and Analysis

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

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

# Council Bluffs Community School District

## Management's Discussion and Analysis

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### REPORTING OF DISTRICT'S FINANCIAL ACTIVITIES

#### Government-wide Statements

The Government-wide 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 and deferred outflows of resources, and liabilities and deferred inflows of resources. 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 statements report the District's *net position* and how they have changed. Net Position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources. – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating, respectively. 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 taxes 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 and self-insurance program is included here.

#### Fund Financial Statements

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

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

The District has three kinds of funds:

*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 District's programs.

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

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

# Council Bluffs Community School District

## Management's Discussion and Analysis

*Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way the Government-wide statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities but provide more detail and additional information such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund. Internal service funds are used to report the same functions presented as governmental activities in the government-wide financial statements. The District maintains one internal service fund to account for the premium and claim payments for the self-insured health insurance plans for District employees. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. Because the service provided by the District predominately benefits governmental, rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

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

*Fiduciary funds:* Fiduciary funds account for assets held in a trustee or fiduciary capacity. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose. These activities are reported in a separate Statement of Fiduciary Net Position. The District excludes these activities from its Government-wide financial statements because the District cannot use these assets to finance its operations.

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3  
Statements of Net Position

	Governmental Activities		Business-type Activities		Total School District		% Change 2019-2020
	June 30,		June 30,		June 30,		
	2020	2019	2020	2019	2020	2019	
Current and other assets	\$ 115,940,177	117,396,354	2,528,632	2,426,817	118,468,809	119,823,171	-1.13%
Capital assets	139,066,338	129,889,549	139,480	140,013	139,205,818	130,029,562	7.06%
<b>Total assets</b>	<b>255,006,515</b>	<b>247,285,903</b>	<b>2,668,112</b>	<b>2,566,830</b>	<b>257,674,627</b>	<b>249,852,733</b>	<b>3.13%</b>
Deferred outflows of resources	16,253,052	19,642,457	313,736	377,990	16,566,788	20,020,447	-17.25%
<b>Total assets and deferred outflows</b>	<b>271,259,567</b>	<b>266,928,360</b>	<b>2,981,848</b>	<b>2,944,820</b>	<b>274,241,415</b>	<b>269,873,180</b>	<b>1.62%</b>
Liabilities	170,614,603	172,762,171	1,575,433	1,899,946	172,190,036	174,662,117	-1.42%
Deferred inflows of resources	51,019,715	41,737,190	373,882	114,997	51,393,597	41,852,187	22.80%
<b>Net position:</b>							
Net investment in capital assets	46,528,161	42,096,203	139,480	140,013	46,667,641	42,236,216	10.49%
Restricted	37,633,528	41,352,799	--	--	37,633,528	41,352,799	-8.99%
Unrestricted	(34,536,440)	(31,020,003)	893,053	789,864	(33,643,387)	(30,230,139)	-11.29%
<b>Total net position</b>	<b>49,625,249</b>	<b>52,428,999</b>	<b>1,032,533</b>	<b>929,877</b>	<b>50,657,782</b>	<b>53,358,876</b>	<b>-5.06%</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 271,259,567</b>	<b>266,928,360</b>	<b>2,981,848</b>	<b>2,944,820</b>	<b>274,241,415</b>	<b>269,873,180</b>	<b>1.62%</b>

The District's combined net position decreased 5.06%, over the prior year. Restricted net position represents resources subject to external restrictions, constitutional provisions, or enabling legislation on how funds can be used. The District's restricted net position decreased 8.99% compared to last year, primarily a result of debt obligations and capital project costs.

Unrestricted net position – the part of net position used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased 11.29% due to results from GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

# Council Bluffs Community School District

## Management's Discussion and Analysis

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

Figure A-4  
Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total School District		% Change 2019-2020
	Year ended June 30,		Year ended June 30,		Year ended June 30,		
	2020	2019	2020	2019	2020	2019	
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for services	\$ 4,112,389	4,392,011	189,479	178,042	4,301,868	4,570,053	-5.87%
Operating grants, contributions and restricted interest	25,245,485	25,853,111	5,201,656	5,348,314	30,447,141	31,201,425	-2.42%
Capital grants, contributions, and restricted interest	2,246,562	870,120	--	--	2,246,562	870,120	158.19%
<b>General revenue:</b>							
Property and other tax	37,732,126	37,408,834	--	--	37,732,126	37,408,834	0.86%
Statewide sales, services and use tax	9,384,308	9,365,463	--	--	9,384,308	9,365,463	0.20%
Unrestricted state grants	59,055,395	57,847,788	--	--	59,055,395	57,847,788	2.09%
Other	247,335	402,284	--	--	247,335	402,284	-38.52%
<b>Total revenues</b>	<b>138,023,600</b>	<b>136,139,611</b>	<b>5,391,135</b>	<b>5,526,356</b>	<b>143,414,735</b>	<b>141,665,967</b>	<b>1.23%</b>
<b>Program expenses</b>							
Instruction	81,001,970	80,696,098	--	--	81,001,970	80,696,098	0.38%
Support services	42,776,324	44,018,831	--	--	42,776,324	44,018,831	-2.82%
Non-instructional programs	--	--	5,188,479	5,623,917	5,188,479	5,623,917	-7.74%
Other expenses	17,149,056	16,116,965	--	--	17,149,056	16,116,965	6.40%
<b>Total expenses</b>	<b>140,927,350</b>	<b>140,831,894</b>	<b>5,188,479</b>	<b>5,623,917</b>	<b>146,115,829</b>	<b>146,455,811</b>	<b>-0.23%</b>
Transfer	100,000	--	(100,000)	--	--	--	0.00%
<b>Change in net position</b>	<b>(2,803,750)</b>	<b>(4,692,283)</b>	<b>102,656</b>	<b>(97,561)</b>	<b>(2,701,094)</b>	<b>(4,789,844)</b>	<b>-43.61%</b>
Beginning Net Position	52,428,999	57,121,282	929,877	1,027,438	53,358,876	58,148,720	-8.24%
<b>Ending Net Position</b>	<b>\$ 49,625,249</b>	<b>52,428,999</b>	<b>1,032,533</b>	<b>929,877</b>	<b>50,657,782</b>	<b>53,358,876</b>	<b>-5.06%</b>

In fiscal 2020, property tax, statewide sales, service and use tax and unrestricted state grants account for 76.86% compared to 76.85% in fiscal 2019 of revenue from governmental activities, while charges for services and operating grants and contributions account for 100% of the revenue from business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.31% increase in FY20 revenues compared to a 1.64% increase in FY19, and a 0.16% decrease in FY20 expenditures compared to a 3.40% increase in FY19 expenses due to the COVID pandemic school closure.

### Governmental Activities

Revenues for governmental activities were \$138,123,600 and expenses were \$140,927,350 for the year ended June 30, 2020. The District levied a cash reserve levy and minimized increases in expenditures to show an increase in the District's solvency ratio.

Figure A-5 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 the year ended June 30, 2019.

Figure A-5  
Total and Net Cost of Governmental Activities

	Total Cost			Net Cost		
	Year ended June 30,			Year ended June 30,		
	2020	2019	% Change	2020	2019	% Change
Instruction	81,001,970	80,696,098	0.38%	56,547,822	55,204,231	2.43%
Support services	42,776,324	44,018,831	-2.82%	42,577,337	43,796,783	-2.78%
Other expenses	17,149,056	16,116,965	6.40%	10,197,755	10,715,638	-4.83%
<b>Totals</b>	<b>140,927,350</b>	<b>140,831,894</b>	<b>0.07%</b>	<b>109,322,914</b>	<b>109,716,652</b>	<b>-0.36%</b>

The cost financed by users of the District's programs was \$4,112,389.

Federal and state governments subsidized certain programs with grants and contributions totaling \$25,245,485.

# Council Bluffs Community School District

## Management's Discussion and Analysis

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The net cost of governmental activities were financed with \$37,732,126 in property tax, \$9,384,308 in statewide sales, services and use tax, \$59,055,395 in unrestricted state grants, \$207,387 in interest income, and \$139,948 in other general revenues.

### Business-Type Activities

Revenues of the District's business-type activities were \$5,391,135 and expenses were \$5,188,479. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements, and investment income. The District provided free breakfast and lunch, without charge, in all CEP (Community Eligibility Provision) schools within the District schools under a key provision of *The Healthy, Hunger Free Kids Act* (HHFKA, Public Law 111-296; December 13, 2010). CEP schools are defined as schools in low-income areas in the aggregate for the specific school. The district is reimbursed using a formula based on the percentage of students participating in other specific means-tested programs.

### 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 \$49,940,834 for 2020 and \$52,534,056 for 2019. The decrease was attributable to the construction costs for the middle school renovation project.

### Governmental Funds Highlights

The District's General Fund financial position is the product of many factors. General Fund revenues decreased from FY19 attributable to a decrease in federal funding.

The Debt Service Fund net position increased from FY 2019 due to new revenue bond debt issued during FY 2020.

Capital Project Fund net position decreased from fiscal 2019 due to the middle school renovation project.

### Proprietary Fund Highlights

The School Nutrition Fund net position increased 11% from \$929,877 at June 30, 2019 to \$1,032,533 at June 30, 2020.

### BUDGETARY HIGHLIGHTS

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 \$139.2 million, net of accumulated depreciation, in a broad range of capital assets including land, buildings, athletic facilities and transportation equipment. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$9.8 million.

# Council Bluffs Community School District

## Management's Discussion and Analysis

The original cost of the District's capital assets was \$253.7 million. Governmental funds account for \$252.9 million with the remainder in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in work-in-progress category related to the middle school renovation project.

**Figure A-6  
Capital Asset Summary**

	Governmental Activities		Business Activities		Total School District		% Change 2019-2020
	June 30,		June 30,		June 30,		
	2020	2019	2020	2019	2020	2019	
Land	4,352,694	4,352,694	--	--	4,352,694	4,352,694	0.00%
Construction in progress	18,747,033	7,846,923	--	--	18,747,033	7,846,923	138.91%
Buildings & land improvements	114,404,802	116,033,345	--	--	114,404,802	116,033,345	-1.40%
Furniture & equipment	1,561,809	1,656,587	139,480	140,013	1,701,289	1,796,600	-5.31%
<b>Totals</b>	<b>139,066,338</b>	<b>129,889,549</b>	<b>139,480</b>	<b>140,013</b>	<b>139,205,818</b>	<b>130,029,562</b>	<b>7.06%</b>

### Long-Term Liabilities

At June 30, 2020, the District had \$151.8 million in outstanding long-term liabilities. This represents a decrease of 1.2% from the prior year.

**Figure A-7  
Long Term Liabilities Summary**

			% Change
	2020	2019	2019-2020
General obligation bonds	36,745,000	27,500,000	33.6%
Premium on general obligation bonds	907,177	955,346	-5.0%
Revenue Bonds	47,736,000	52,188,000	-8.5%
Quality Zone Academy Bonds	1,500,000	1,500,000	0.0%
Qualified School Construction Bonds	5,650,000	5,650,000	0.0%
Compensated Absences	322,553	193,304	66.9%
Net OPEB Liability	4,929,258	7,050,849	-30.1%
Net pension liability	54,007,416	58,552,550	-7.8%
<b>Totals</b>	<b>151,797,404</b>	<b>153,590,049</b>	<b>-1.2%</b>

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

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

- The political environment in Iowa makes planning for future funding difficult. The Iowa legislature usually sets changes in school funding three to four months prior to the start of the fiscal year.
- The levels of state and federal funding for education are not keeping pace with the increases in cost and mandated growth. The District received 2.09% increase in state funding for the year ended June 30, 2020. Although the District's financial position is currently stable, small increases in future state aid will negatively affect future District finances.
- The impact of the COVID pandemic and its effect on future state funding.
- Costs associated with special education continue rising as more students are identified as requiring additional services. The special education deficit for 2020 was \$1.53 million compared to a deficit in 2019 of \$1.9 million; however, the District closed operations on March 16, 2020, due to the COVID pandemic so the special education deficit for FY 20 was less than budgeted.
- Unfunded mandates at the state or federal level.

## **Council Bluffs Community School District**

### **Management's Discussion and Analysis**

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- The District experienced a weighted enrollment decrease in FY 2019 of 131 students, and a decrease of 71 students for FY 2020.
- Fixed costs are anticipated to increase regarding routine maintenance and utilities.

#### **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 Dean Wilson, Chief Financial Officer, Council Bluffs Community School District, 300 W Broadway, Suite 1600, Council Bluffs, Iowa, 51503.

# Council Bluffs Community School District

## Statement of Net Position June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash, cash equivalents and pooled investments	\$ 49,247,550	2,226,297	51,473,847
Receivables:			
Property tax:			
Delinquent	496,603	--	496,603
Succeeding year	39,791,303	--	39,791,303
Accounts	5,193,829	194,497	5,388,326
Investments	20,483,319	--	20,483,319
Inventories	64,361	107,573	171,934
Prepaid expenses	663,212	265	663,477
Capital assets, net of accumulated depreciation	139,066,338	139,480	139,205,818
Total assets	<u>255,006,515</u>	<u>2,668,112</u>	<u>257,674,627</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred gain on refunding	2,846,283	--	2,846,283
Pension related deferred outflows	13,406,769	313,736	13,720,505
Total deferred outflows of resources	<u>16,253,052</u>	<u>313,736</u>	<u>16,566,788</u>
Total assets and deferred outflows of resources	<u>\$ 271,259,567</u>	<u>2,981,848</u>	<u>274,241,415</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 6,209,259	100,418	6,309,677
Salaries and benefits payable	12,269,345	290,747	12,560,092
Accrued interest payable	848,004	--	848,004
Current portion of long-term debt	4,955,000	--	4,955,000
Incurred and unpaid claims	674,859	--	674,859
Compensated absences	311,948	10,605	322,553
Long-term debt, net of current portion	87,583,177	--	87,583,177
Other post employment benefits	4,699,392	229,866	4,929,258
Net pension liability	53,063,619	943,797	54,007,416
Total liabilities	<u>170,614,603</u>	<u>1,575,433</u>	<u>172,190,036</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Succeeding year property tax	39,791,303	--	39,791,303
Advances from grantors	1,126,524	29,735	1,156,259
OPEB related deferred inflows	2,270,521	147,705	2,418,226
Pension related deferred inflows	7,831,367	196,442	8,027,809
Total deferred inflows of resources	<u>51,019,715</u>	<u>373,882</u>	<u>51,393,597</u>
<b>NET POSITION</b>			
Net investment in capital assets	46,528,161	139,480	46,667,641
Restricted for:			
Categorical funding	869,416	--	869,416
Debt service	7,467,832	--	7,467,832
Management levy purposes	2,201,714	--	2,201,714
Student activities	436,438	--	436,438
School infrastructure	23,877,403	--	23,877,403
Physical plant and equipment	2,780,725	--	2,780,725
Unrestricted	(34,536,440)	893,053	(33,643,387)
Total net position	<u>49,625,249</u>	<u>1,032,533</u>	<u>50,657,782</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 271,259,567</u>	<u>2,981,848</u>	<u>274,241,415</u>

See accompanying notes to the financial statements



# Council Bluffs Community School District

## Statement of Activities For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Primary Government	
				Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>						
Instruction:						
Regular instruction	\$ 79,878,035	2,966,443	20,379,891	--	--	(56,531,701)
Other instruction	1,123,935	1,014,666	93,148	(16,121)	--	(16,121)
	<u>81,001,970</u>	<u>3,981,109</u>	<u>20,473,039</u>	<u>(56,547,822)</u>	<u>--</u>	<u>(56,547,822)</u>
Support services:						
Student services	5,588,311	--	--	(5,588,311)	--	(5,588,311)
Instructional staff services	5,308,309	--	--	(5,308,309)	--	(5,308,309)
Administration services	15,307,423	--	--	(15,307,423)	--	(15,307,423)
Operation and maintenance of plant	11,190,410	131,280	--	(11,059,130)	--	(11,059,130)
Transportation services	5,381,871	--	67,707	(5,314,164)	--	(5,314,164)
	<u>42,776,324</u>	<u>131,280</u>	<u>67,707</u>	<u>(42,577,337)</u>	<u>--</u>	<u>(42,577,337)</u>
Other expenses:						
Facilities acquisition	509,969	--	--	1,736,593	--	1,736,593
Long-term debt interest	2,806,867	--	267,569	(2,539,298)	--	(2,539,298)
AEA flowthrough	4,437,170	--	4,437,170	--	--	--
Depreciation (unallocated)*	9,395,050	--	--	(9,395,050)	--	(9,395,050)
	<u>17,149,056</u>	<u>--</u>	<u>4,704,739</u>	<u>(10,197,755)</u>	<u>--</u>	<u>(10,197,755)</u>
Total governmental activities	140,927,350	4,112,389	25,245,485	2,246,562	(109,322,914)	--
<b>Business type activities:</b>						
Non-instructional programs:						
Food service operations	5,188,479	189,479	5,201,656	--	202,656	202,656
Total primary government	\$ <u>146,115,829</u>	<u>4,301,868</u>	<u>30,447,141</u>	<u>2,246,562</u>	<u>(109,322,914)</u>	<u>202,656</u>
<b>General revenues</b>						
Property and other tax levied for:						
General purposes				\$ 32,753,192	--	32,753,192
Debt service				1,129,855	--	1,129,855
Capital outlay				3,849,079	--	3,849,079
Statewide sales, services and use tax				9,384,308	--	9,384,308
Unrestricted state grants				59,055,395	--	59,055,395
Unrestricted investment earnings				207,387	--	207,387
Other				39,948	--	39,948
Total general revenues				<u>106,419,164</u>	<u>--</u>	<u>106,419,164</u>
Transfers						
				100,000	(100,000)	--
Change in net position				(2,803,750)	102,656	(2,701,094)
Net position, beginning of year				52,428,999	929,877	53,358,876
Net position, end of year				\$ <u>49,625,249</u>	<u>1,032,533</u>	<u>50,657,782</u>

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

See accompanying notes to the financial statements

# Council Bluffs Community School District

## Balance Sheet – Governmental Funds June 30, 2020

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash, cash equivalents and pooled investments	\$ 24,598,371	9,314,971	8,311,516	2,655,568	44,880,426
Receivables:					
Property tax:					
Delinquent	402,976	58,152	17,060	18,415	496,603
Succeeding year	33,421,622	3,996,929	1,172,752	1,200,000	39,791,303
Accounts	3,589,972	1,162,738	10	4,414	4,757,134
Investments	--	18,481,656	--	--	18,481,656
Inventories	64,361	--	--	--	64,361
Prepaid expenses	573,408	89,374	--	430	663,212
Total assets	<u>\$ 62,650,710</u>	<u>33,103,820</u>	<u>9,501,338</u>	<u>3,878,827</u>	<u>109,134,695</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 3,642,034	2,448,763	12,750	40,675	6,144,222
Salaries and benefits payable	12,131,812	--	--	--	12,131,812
Total liabilities	<u>15,773,846</u>	<u>2,448,763</u>	<u>12,750</u>	<u>40,675</u>	<u>18,276,034</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues:					
Succeeding year property tax	33,421,622	3,996,929	1,172,752	1,200,000	39,791,303
Advances from grantors	1,126,524	--	--	--	1,126,524
Total deferred inflows of resources	<u>34,548,146</u>	<u>3,996,929</u>	<u>1,172,752</u>	<u>1,200,000</u>	<u>40,917,827</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories	64,361	--	--	--	64,361
Prepaid items	573,408	--	--	--	573,408
Restricted for:					
Categorical funding	869,416	--	--	--	869,416
Debt service	--	--	8,315,836	--	8,315,836
School infrastructure	--	23,877,403	--	--	23,877,403
Physical plant and equipment	--	2,780,725	--	--	2,780,725
Management levy purposes	--	--	--	2,201,714	2,201,714
Student activities	--	--	--	436,438	436,438
Unassigned	10,821,533	--	--	--	10,821,533
Total fund balances	<u>12,328,718</u>	<u>26,658,128</u>	<u>8,315,836</u>	<u>2,638,152</u>	<u>49,940,834</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 62,650,710</u>	<u>33,103,820</u>	<u>9,501,338</u>	<u>3,878,827</u>	<u>109,134,695</u>
<b>RECONCILIATION</b>					
Total fund balances - governmental funds					\$ 49,940,834
Amounts reported for governmental activities in statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.					139,066,338
Long-term liabilities, including long-term debt, compensated absences payable, other post employment benefits payable and net pension liability are not due and payable in the current period and therefore are not reported in the funds.					(150,613,136)
Accrued interest payable on long-term liabilities is not due and payable in the current period, and therefore is not reported as a liability in the funds.					(848,004)
Deferred outflows of resources and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds, as follows:					
Deferred outflows of resources				16,253,052	
Deferred inflows of resources				<u>(10,101,888)</u>	6,151,164
Internal service funds are used by management to charge the costs of certain activities, such as insurance and vehicles to individual funds. The assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.					<u>5,928,053</u>
Net position - governmental activities					<u>\$ 49,625,249</u>

See accompanying notes to the financial statements

# Council Bluffs Community School District

## Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds For the Year Ended June 30, 2020

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Local sources:					
Local tax	\$ 31,286,319	13,233,387	1,129,855	1,466,873	47,116,434
Tuition	2,925,467	--	--	--	2,925,467
Other	2,747,709	2,246,562	267,569	1,004,013	6,265,853
State sources	75,115,842	134,760	39,556	53,867	75,344,025
Federal sources	6,371,821	--	--	--	6,371,821
Total revenues	<u>118,447,158</u>	<u>15,614,709</u>	<u>1,436,980</u>	<u>2,524,753</u>	<u>138,023,600</u>
<b>EXPENDITURES</b>					
Current					
Instruction:					
Regular instruction	76,528,396	1,021,560	--	212,528	77,762,484
Other instruction	58,708	--	--	1,005,542	1,064,250
	<u>76,587,104</u>	<u>1,021,560</u>	<u>--</u>	<u>1,218,070</u>	<u>78,826,734</u>
Support services:					
Student services	5,316,983	13,815	--	23,400	5,354,198
Instructional staff services	4,975,814	89,127	--	16,444	5,081,385
Administration services	13,263,229	1,302,360	10,499	90,058	14,666,146
Operation and maintenance of plant services	8,239,230	1,519,196	--	1,168,728	10,927,154
Transportation services	4,369,241	962,369	--	4,191	5,335,801
	<u>36,164,497</u>	<u>3,886,867</u>	<u>10,499</u>	<u>1,302,821</u>	<u>41,364,684</u>
Other expenditures:					
Facilities acquisition	--	18,282,084	--	--	18,282,084
Long-term debt:					
Principal	--	--	4,707,000	--	4,707,000
Interest and fiscal charges	--	99,684	2,499,466	--	2,599,150
AEA flowthrough	4,437,170	--	--	--	4,437,170
	<u>4,437,170</u>	<u>18,381,768</u>	<u>7,206,466</u>	<u>--</u>	<u>30,025,404</u>
Total expenditures	<u>117,188,771</u>	<u>23,290,195</u>	<u>7,216,965</u>	<u>2,520,891</u>	<u>150,216,822</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,258,387</u>	<u>(7,675,486)</u>	<u>(5,779,985)</u>	<u>3,862</u>	<u>(12,193,222)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from bond issue	--	9,500,000	--	--	9,500,000
Transfers in (out)	100,000	(6,700,186)	6,700,186	--	100,000
Total other financing sources and uses	<u>100,000</u>	<u>2,799,814</u>	<u>6,700,186</u>	<u>--</u>	<u>9,600,000</u>
CHANGE IN FUND BALANCES	1,358,387	(4,875,672)	920,201	3,862	(2,593,222)
FUND BALANCES, BEGINNING OF YEAR	<u>10,970,331</u>	<u>31,533,800</u>	<u>7,395,635</u>	<u>2,634,290</u>	<u>52,534,056</u>
FUND BALANCES, END OF YEAR	<u>\$ 12,328,718</u>	<u>26,658,128</u>	<u>8,315,836</u>	<u>2,638,152</u>	<u>49,940,834</u>
<b>RECONCILIATION</b>					
Net change in fund balances - total governmental funds					\$ (2,593,222)
Internal service funds are used by management to change the cost of certain activities to individual funds. The change in net position is reported with governmental activities.					(629,971)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense.					9,176,789
The current year District employer share of IPERS contributions are reported as expenditures in governmental funds, but are reported as a deferred outflow of resources in the statement of net position, and pension expense is reported as an expense in the statement of activities.					(3,608,321)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position.					4,707,000
Bond proceeds provide current financial resources to governmental funds but issuing debt increases long term liabilities in the statement of net position.					(9,500,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in governmental funds.					(356,025)
Change in net position - governmental activities					\$ <u>(2,803,750)</u>

See accompanying notes to the financial statements

# Council Bluffs Community School District

## Statement of Net Position – Proprietary Funds June 30, 2020

	Business-Type Activities		Governmental
	Enterprise Funds		Activities
	Enterprise	School Nutrition	Internal Service Employee Health
<b>ASSETS</b>			
Current assets:			
Cash, cash equivalents and pooled investments	\$	2,226,297	4,367,124
Accounts receivable		194,497	436,695
Inventories		107,573	--
Prepaid expenses		265	--
Investments		--	2,001,663
Total current assets		2,528,632	6,805,482
Noncurrent assets:			
Capital assets, net of accumulated depreciation		139,480	--
Total assets		2,668,112	6,805,482
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows		313,736	--
Total assets and deferred outflows of resources	\$	2,981,848	6,805,482
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$	100,418	65,037
Salaries and benefits payable		290,747	137,533
Incurred and unpaid claims		--	674,859
Compensated absences		10,605	--
Total current liabilities		401,770	877,429
Long-term liabilities:			
Other post employment benefits		229,866	--
Net pension liability		943,797	--
Total long-term liabilities		1,173,663	--
Total liabilities		1,575,433	877,429
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Advances from grantors		29,735	--
OPEB related deferred inflows		147,705	--
Pension related deferred inflows		196,442	--
Total deferred inflows of resources		373,882	--
<b>NET POSITION</b>			
Net investment in capital assets		139,480	--
Unrestricted		893,053	5,928,053
Total net position		1,032,533	5,928,053
Total liabilities, deferred inflows of resources, and net position	\$	2,981,848	6,805,482

See accompanying notes to the financial statements

## Council Bluffs Community School District

### Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds For the Year Ended June 30, 2020

	Business-Type Activities		Governmental	
	Enterprise Funds		Activities	
	Enterprise	School Nutrition	Internal Service	Employee Health
OPERATING REVENUES				
Local sources:				
Charges for services	\$	189,479		9,707,685
OPERATING EXPENSES				
Support services:				
Administration services		--		10,426,845
Non-instructional programs:				
Food service operations:				
Salaries		1,810,201		--
Benefits		717,053		--
Purchased services		9,943		--
Supplies		2,600,842		--
Miscellaneous		5,062		--
Depreciation		45,378		--
Total operating expenses		5,188,479		10,426,845
OPERATING LOSS		(4,999,000)		(719,160)
NON-OPERATING REVENUES:				
State sources		49,032		--
Federal sources		5,117,203		--
Other		35,421		89,189
Total non-operating revenues		5,201,656		89,189
OTHER FINANCING USES				
Transfers out		(100,000)		--
CHANGE IN NET POSITION		102,656		(629,971)
NET POSITION, BEGINNING OF YEAR		929,877		6,558,024
NET POSITION, END OF YEAR	\$	1,032,533		5,928,053

See accompanying notes to the financial statements

# Council Bluffs Community School District

## Statement of Cash Flows – Proprietary Funds For the Year Ended June 30, 2020

	Business-Type Activities Enterprise Funds	Governmental Activities
	Enterprise	Internal Service
	School	Employee
	Nutrition	Health
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Received from user charges	\$ 46,823	9,468,904
Payments to employees	(1,783,574)	--
Receipts (payments) of employee benefits	(655,193)	3,573
Payments to suppliers for goods and services	(2,290,977)	(10,347,939)
Net cash used in operating activities	<u>(4,682,921)</u>	<u>(875,462)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
State subsidies received	49,032	--
Federal subsidies received	4,713,441	--
Transfers to other funds	(100,000)	--
Other nonoperating receipts	35,362	89,189
Net cash provided by noncapital financing activities	<u>4,697,835</u>	<u>89,189</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES,</b>		
Deposits to investments	--	1,010,406
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES,</b>		
Acquisition of capital assets	(44,845)	--
<b>NET CHANGE IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</b>	(29,931)	224,133
<b>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS, BEGINNING OF YEAR</b>	<u>2,256,228</u>	<u>4,142,991</u>
<b>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS, END OF YEAR</b>	<u>\$ 2,226,297</u>	<u>4,367,124</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (4,999,000)	(719,160)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	45,378	--
Noncash food commodities	403,762	--
Increase in accounts receivable	(142,656)	(238,781)
Decrease in prepaid expenses	4,759	--
Decrease in inventories	6,151	--
Decrease in deferred outflows of resources	64,254	--
(Decrease) increase in accounts payable	(89,802)	61,758
Increase in salaries and benefits payable	28,472	3,573
Increase in incurred and unpaid claims	--	17,148
Decrease in other post employment benefits	(149,555)	--
Decrease in net pension liability	(113,628)	--
Increase in deferred inflows of resources	258,944	--
Net cash used in operating activities	<u>\$ (4,682,921)</u>	<u>(875,462)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>		
During the year ended June 30, 2020 the District received \$403,762 of federal commodities		

*See accompanying notes to the financial statements*

**Council Bluffs Community School District**

**Statement of Fiduciary Net Position – Fiduciary Funds**  
**June 30, 2020**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 39,373
Due from other governments	<u>66,372</u>
Total assets	<u><u>105,745</u></u>
<b>LIABILITIES</b>	
Accounts payable	<u>105,745</u>
Total liabilities	<u><u>\$ 105,745</u></u>

*See accompanying notes to the financial statements*

# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

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### (1) Organization and Summary of Significant Accounting Policies

The Council Bluffs Community School District (the District) is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Carter Lake, Crescent and Council Bluffs, Iowa and the predominately agricultural territory in Pottawattamie County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America 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. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The District has no component units which meet the GASB criteria.

Jointly Governed Organizations - The District participates in jointly governed organizations that provide services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Pottawattamie 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. 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 services.

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 that are attributed 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 that are imposed by management, but can be removed or modified.



# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following major proprietary funds:

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

The Internal Service Fund is used to account for self-funded health insurance provided to other departments or funds of the District. The District's internal service fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial activity of the internal service fund is included in the governmental activities column when presented in the government-wide financial statements.

The District also reports the following fiduciary fund which focuses on net position and changes in net position.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

### 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 recognized when earned and expenses are recognized 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 revenues as soon as all eligibility requirements imposed by the provider have been satisfied.

# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

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

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

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

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

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance*

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, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

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

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

# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

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Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax levy is certified by the Board of Education. 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 levy 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 recognized, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1.5% 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 levy contained in the budget certified to the County Board of Supervisors in April 2019.

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

Capital Assets - Capital assets, which include property, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Capital assets are reported at historical cost. Donated capital assets are reported at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. 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.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 500
Buildings	5,000
Land improvements	5,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

<u>Asset Class</u>	<u>Amount</u>
Buildings	50 years
Land improvements	20 years
Furniture and equipment	5-15 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date, but before the end of the employer's reporting period, and gains on advance refunding of debt.

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

# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

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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 recognized when incurred in the government-wide financial statements. A liability for these amounts is recognized in governmental funds only for employees that 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.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources in the government wide presentation consist of unspent grant proceeds as well as succeeding year property tax receivable, other receivables not collected within sixty days after year end, the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and unrecognized items not yet charged to pension and other post employment benefit expense.

Unavailable revenue on the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and of other advances.

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

*Nonspendable* - Amounts not in spendable form, such as inventories.

*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.

*Committed* - Consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal actions of the government's highest level of decision making authority. These amounts cannot be used for any other purpose unless the government removes or changes the specific use by taking the same type of action it used to commit those amounts. The Board of Education is the District's highest level of authority. All actions concerning approving, eliminating, or modifying of minimal fund balances will be accomplished through resolution. At June 30, 2020, the District had no committed fund balance.

*Assigned* - Consists of amounts that are constrained by the government intended to be used for specific purposes, but are neither restricted nor committed. The authority for making an assignment is not required to be the District's highest decision making authority. Furthermore, the nature of the actions necessary to remove or modify an assignment is not as prescriptive as it is with regards to committed fund balances. The District management staff will have the overall responsibilities for monitoring these balances. At June 30, 2020, the District had no assigned fund balance.

*Unassigned* - All amounts not included in the preceding classifications.

# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

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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.

*E. Budgets and Budgetary Accounting*

The budgetary comparison and related disclosures are reported as Required Supplementary Information. The District did not exceed its General Fund unspent authorized budget.

*F. Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*G. 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.

*H. Total Other Post Employment Benefits (OPEB)*

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

*I. Recent Accounting Pronouncements*

In January 2017, Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The standard will be effective for reporting periods beginning after December 15, 2019. The District is currently evaluating the effect the new standard will have on the financial statements.

# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

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In June 2017, the GASB issued Statement No. 87, *Leases*. The standard implements a single approach to accounting for leases. Lessees will be required to recognize a lease liability, measured at the present value of expected payments net of incentives, and an intangible right-to-use asset for all leases with terms of greater than 12 months. As payments are made, lessees will reduce the liability and recognize interest expense. Lease terms will include options to extend or terminate leases if it is reasonably certain that those options will be exercised. The standard will be effective for reporting periods beginning after June 15, 2021. The District is currently evaluating the effect the new standard will have on the financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The standard implements accounting requirements for interest cost incurred before the end of a construction period. Under the current economic resources measurement focus, interest cost incurred during a period of construction is recognized in the historical cost of the capital asset. The standard will require that interest cost incurred during a construction period to be recognized as an expense in the period incurred and will no longer be included in the historical cost of the capital asset. The standard will be effective for reporting periods beginning after December 15, 2020. The District is currently evaluating the effect the new standard will have on the financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The statement provides guidance on the accounting and financial reporting for SBITA for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The standard will be effective for reporting periods beginning after June 15, 2022. The District is currently evaluating the effect the new standard will have on the financial statements

### J. Subsequent Events

The District considered events occurring through January 15, 2021 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

## (2) Cash, Cash Equivalents and Pooled Investments

The District's bank deposits 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 ensure there will be no loss of public funds.

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

### Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

At June 30, 2020, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$18,481,656. 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.

The District had the following fair value measurements at June 30, 2020:

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other Observable Inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and money market funds	\$ 7,555,755	7,555,755	--	--
U.S. Government and Treasury obligations	5,042,004	--	5,042,004	--
	<u>\$ 12,597,759</u>	<u>7,555,755</u>	<u>5,042,004</u>	<u>--</u>

### (3) Interfund Transfers

The detail of interfund transfers at June 30, 2020 is as follows:

Transfer to	Transfer from	Amount
Debt Service Fund	Capital Projects Fund	\$ 6,700,186
General Fund	Nutrition Fund	<u>100,000</u>
		<u>\$ 6,800,186</u>

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

### (4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 4,352,694	--	--	4,352,694
Construction in progress	7,846,923	17,772,115	6,872,005	18,747,033
Total capital assets not being depreciated	<u>12,199,617</u>	<u>17,772,115</u>	<u>6,872,005</u>	<u>23,099,727</u>
Capital assets being depreciated:				
Buildings and land improvements	214,073,692	6,872,005	--	220,945,697
Furniture and equipment	7,706,358	1,127,142	--	8,833,500
Total capital assets being depreciated	<u>221,780,050</u>	<u>7,999,147</u>	<u>--</u>	<u>229,779,197</u>
Less accumulated depreciation for:				
Buildings and land improvements	98,040,347	8,500,548	--	106,540,895
Furniture and equipment	6,049,771	1,221,920	--	7,271,691
Total accumulated depreciation	<u>104,090,118</u>	<u>9,722,468</u>	<u>--</u>	<u>113,812,586</u>
Total capital assets being depreciated, net	<u>117,689,932</u>	<u>(1,723,321)</u>	<u>--</u>	<u>115,966,611</u>
Governmental activities capital assets, net	<u>\$ 129,889,549</u>	<u>16,048,794</u>	<u>6,872,005</u>	<u>139,066,338</u>
<b>Business-type activities</b>				
Furniture and equipment	\$ 782,765	44,845	23,978	803,632
Less accumulated depreciation	642,752	45,378	23,978	664,152
Business-type activities capital assets, net	<u>\$ 140,013</u>	<u>(533)</u>	<u>--</u>	<u>139,480</u>

# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

Depreciation expense was charged by the District as follows:

Governmental activities:			
Instruction:			
Other		\$	59,686
Support services:			
Operation and maintenance of plant			221,662
Transportation			46,070
			<u>327,418</u>
Unallocated			<u>9,395,050</u>
Total depreciation expense - governmental activities		\$	<u><u>9,722,468</u></u>
Business-type activities:			
Nutrition services		\$	<u><u>45,378</u></u>

The District has entered into various construction contracts totaling approximately \$43,300,000 for renovations and improvements at District facilities. At June 30, 2020, project costs of approximately \$6,800,000 were completed and capitalized, while \$17,800,000 has been incurred related to these projects. The remaining balance of approximately \$18,700,000 will be paid as work on the projects progresses.

### (5) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities					
General obligation bonds	\$ 27,500,000	9,500,000	255,000	36,745,000	--
Premium on general obligation bonds	955,346	--	48,169	907,177	--
Revenue bonds	52,188,000	--	4,452,000	47,736,000	4,955,000
Quality zone academy bonds	1,500,000	--	--	1,500,000	--
Qualified school construction bonds	5,650,000	--	--	5,650,000	--
Compensated absences	184,544	127,404	--	311,948	311,948
OPEB liability	6,671,428	--	1,972,036	4,699,392	--
Net pension liability	57,495,125	--	4,431,506	53,063,619	--
Total	\$ <u>152,144,443</u>	<u>9,627,404</u>	<u>11,158,711</u>	<u>150,613,136</u>	<u>5,266,948</u>
	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Business-type activities					
Compensated liabilities	\$ 8,760	1,845	--	10,605	10,605
OPEB liability	379,421	--	149,555	229,866	--
Net pension liability	1,057,425	--	113,628	943,797	--
Total	\$ <u>1,445,606</u>	<u>1,845</u>	<u>263,183</u>	<u>1,184,268</u>	<u>10,605</u>



# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

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

Year Ending June 30,	Bond Issue of May 1, 2019			
	Interest Rates	Principal	Interest	Total
2021	2.190%	--	898,350	898,350
2022	2.190%	--	898,350	898,350
2023	2.190%	--	898,350	898,350
2024	2.190%	--	898,350	898,350
2025	2.190%	--	898,350	898,350
Thereafter	2.190%	27,245,000	8,396,750	35,641,750
		<u>\$ 27,245,000</u>	<u>12,888,500</u>	<u>40,133,500</u>

Year Ending June 30,	Bond Issue of May 1, 2020			
	Interest Rates	Principal	Interest	Total
2021	1.370%	\$ --	130,150	130,150
2022	1.370%	1,400,000	130,150	1,530,150
2023	1.370%	1,500,000	110,970	1,610,970
2024	1.370%	1,550,000	90,420	1,640,420
2025	1.370%	1,600,000	69,185	1,669,185
Thereafter	1.370%	3,450,000	71,240	3,521,240
		<u>\$ 9,500,000</u>	<u>602,115</u>	<u>10,102,115</u>

Year Ending June 30,	Total GO Bonds		
	Principal	Interest	Total
2021	\$ --	1,028,500	1,028,500
2022	1,400,000	1,028,500	2,428,500
2023	1,500,000	1,009,320	2,509,320
2024	1,550,000	988,770	2,538,770
2025	1,600,000	967,535	2,567,535
Thereafter	30,695,000	8,467,990	39,162,990
	<u>\$ 36,745,000</u>	<u>13,490,615</u>	<u>50,235,615</u>

On May 1, 2019, the District issued \$27,500,000 of general obligation, Series 2019, bonds for construction improvements and renovations of the District's two middle schools, Kirn and Wilson. The bonds bear interest at 2.190% per annum. During the year ended June 30, 2020, principal and interest paid were \$255,000 and \$906,000, respectively.

On May 1, 2020, the District issued \$9,500,000 of general obligation, Series 2020, bonds to fund continued improvements and renovations of the District's two middle schools, Kirn and Wilson. The bonds bear interest at 2.190% per annum. No principal or interest were paid during fiscal year 2020.

# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

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 March 1, 2016 Series A			
	Interest Rates	Principal	Interest	Total
2021	2.800%	209,000	61,460	270,460
2022	2.800%	215,000	55,566	270,566
2023	2.800%	221,000	49,504	270,504
2024	2.800%	228,000	43,274	271,274
2025	2.800%	234,000	36,848	270,848
Thereafter	2.800%	1,140,000	81,452	1,221,452
		<u>\$ 2,247,000</u>	<u>328,104</u>	<u>2,575,104</u>

Year Ending June 30,	Bond Issue of March 1, 2016 Series B			
	Interest Rates	Principal	Interest	Total
2021	2.800%	\$ 2,539,000	780,010	3,319,010
2022	2.800%	2,610,000	708,428	3,318,428
2023	2.800%	2,684,000	634,830	3,318,830
2024	2.800%	2,847,000	559,160	3,406,160
2025	2.800%	3,015,000	477,666	3,492,666
Thereafter	2.800%	14,793,000	1,062,180	15,855,180
		<u>\$ 28,488,000</u>	<u>4,222,274</u>	<u>32,710,274</u>

Year Ending June 30,	Bond Issue of October 24, 2017 Series A			
	Interest Rates	Principal	Interest	Total
2021	2.190%	\$ 748,000	170,886	918,886
2022	2.190%	818,000	154,548	972,548
2023	2.190%	864,000	135,758	999,758
2024	2.190%	829,000	117,275	946,275
2025	2.190%	869,000	99,010	968,010
Thereafter	2.190%	3,863,000	194,067	4,057,067
		<u>\$ 7,991,000</u>	<u>871,544</u>	<u>8,862,544</u>

## Council Bluffs Community School District

### Notes to Basic Financial Statements June 30, 2020

Year Ending June 30,	Bond Issue of December 12, 2017 Series B			
	Interest Rates	Principal	Interest	Total
2021	2.190%	\$ 659,000	114,066	773,066
2022	2.190%	630,000	99,393	729,393
2023	2.190%	629,000	86,166	715,166
2024	2.190%	681,000	71,821	752,821
2025	2.190%	678,000	56,809	734,809
Thereafter	2.190%	2,091,000	87,786	2,178,786
		<u>\$ 5,368,000</u>	<u>516,041</u>	<u>5,884,041</u>

Year Ending June 30,	Bond Issue of March 3, 2019 Series 2019			
	Interest Rates	Principal	Interest	Total
2021	2.190%	\$ 800,000	117,283	917,283
2022	2.190%	839,000	89,488	928,488
2023	2.190%	833,000	61,064	894,064
2024	2.190%	792,000	32,453	824,453
2025	2.190%	378,000	6,426	384,426
		<u>\$ 3,642,000</u>	<u>306,714</u>	<u>3,948,714</u>

Year Ending June 30,	Total Revenue Bonds		
	Principal	Interest	Total
2021	\$ 4,955,000	1,243,705	6,198,705
2022	5,112,000	1,107,423	6,219,423
2023	5,231,000	967,322	6,198,322
2024	5,377,000	823,983	6,200,983
2025	5,174,000	676,759	5,850,759
Thereafter	21,887,000	1,425,485	23,312,485
	<u>\$ 47,736,000</u>	<u>6,244,677</u>	<u>53,980,677</u>

The District has pledged future statewide sales, services and use tax revenues to repay the bonds issued March 1, 2016, October 24, 2017, December 12, 2017 and March 3, 2019. The bonds were issued for the purpose of defraying a portion of the costs of renovating buildings within the District. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 60% of statewide sales, services and use tax revenues. For the current year, principal and interest paid on the bonds was \$3,589,846 and total statewide sales, services and use tax revenues were \$9,384,308.

# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

The resolutions providing for the issuance of the statewide sales, services and use tax revenues include the following provisions:

- a) Certain proceeds from the issuance of the revenue bonds shall be deposited to a 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 accrued interest on the revenue bond proceeds shall be placed into a sinking account. The balance of the proceeds shall be deposited to the project account.
- b) The District will make transfers from the statewide sales, services and use tax account and those proceeds shall be placed in a revenue 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.

### Advance Refundings

In previous years, the District has completed advance refundings on various bond issues, taking advantage of improvements in interest rates available to the District. In an advance refunding, the difference between the reacquisition price and the net carrying amount of the old debt is recorded in the statement of net position as a deferred outflow of resources, and amortized on the statement of activities using the straight-line method. As of June 30, 2020, \$2,846,283 of unamortized gain on advance refunding was reported as deferred outflows of resources in the statement of net position.

### Quality Zone Academy Bonds

On November 24, 2009, the District issued Quality Zone Academy Bonds (QZAB) which are held by Security Bank of Kansas City. Annual transfers from the Capital Projects Fund to a debt sinking fund will be made to pay the indebtedness due July 1, 2024 of \$1,500,000. Details of the District's June 30, 2020 QZAB bond indebtedness are as follows:

Year Ending June 30,	Bond Issue of November 24, 2009			
	Interest Rates	Principal	Interest	Total
2021	2.600%	\$ --	33,750	33,750
2022	2.600%	--	33,750	33,750
2023	2.600%	--	33,750	33,750
2024	2.600%	--	33,750	33,750
2025	2.600%	1,500,000	16,875	1,516,875
		\$ 1,500,000	151,875	1,651,875

# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

### Qualified School Construction Bonds

On November 24, 2009, the District issued Qualified School Construction Bonds (QSCB). Annual transfers from the Capital Projects Fund to a debt sinking fund will be made to pay the indebtedness due July 1, 2025, of \$5,650,000. Details of the District's June 30, 2020 QSCB bond indebtedness are as follows:

Year Ending June 30,	Bond Issue of November 24, 2009			
	Interest Rates	Principal	Interest	Total
2021	2.600%	\$ --	146,900	146,900
2022	2.600%	--	146,900	146,900
2023	2.600%	--	146,900	146,900
2024	2.600%	--	146,900	146,900
2025	2.600%	--	146,900	146,900
Thereafter	2.600%	5,650,000	73,450	5,723,450
		<u>\$ 5,650,000</u>	<u>807,950</u>	<u>6,457,950</u>

### (6) Pension and Retirement Benefits

#### Plan Description

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. 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. For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.

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

## Council Bluffs Community School District

### Notes to Basic Financial Statements June 30, 2020

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

#### Disability and Death Benefits

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

#### Contributions

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

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

The District's contributions to IPERS for the year ended June 30, 2020 were \$6,700,445.

#### Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported a liability of \$54,007,416 for its proportionate share of the net pension liability. The District's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2019, the District's proportion was 0.926441 percent, which was an increase of 0.000893 from its proportion measured as of June 30, 2018.

# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

For the year ended June 30, 2020, the District recognized pension expense of \$10,360,700. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 149,722	1,941,824
Changes of assumptions	5,784,965	--
Net difference between projected and actual earnings on pension plan investments	--	6,085,985
Changes in proportion and differences between District contributions and proportionate share of contributions	1,085,373	--
District contributions subsequent to the measurement date	<u>6,700,445</u>	<u>--</u>
Total	<u>\$ 13,720,505</u>	<u>8,027,809</u>

Deferred outflows of resources related to pensions included \$6,700,445 resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	
2021	\$ 1,708,286
2022	(1,016,963)
2023	(694,265)
2024	(898,754)
2025	<u>(106,053)</u>
	<u>\$ (1,007,749)</u>

There were no non-employer contributing entities at IPERS.

### Actuarial Assumptions

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

Rate of Inflation (effective June 30, 2017)	2.60% per annum
Salary increases (effective June 30, 2017)	3.25% to 16.2%, average, including inflation. Rates vary by membership group
Long-term Investment rate of return (effective June 30, 2017)	7.0% per annum, compounded annually, net of pension plan 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 actuarial experience study dated March 24, 2017, and a demographic assumption study dated June 28, 2018.

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

## Council Bluffs Community School District

### Notes to Basic Financial Statements June 30, 2020

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

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

#### Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
District's proportionate share of the net pension liability	\$ 95,899,712	54,007,416	18,868,593

#### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's 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).



# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

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### (7) Other Postemployment Benefits (OPEB)

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

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

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

Inactive employees or retirees currently participating in the OPEB plan	17
Active employees	<u>1,200</u>
Total	<u>1,217</u>

Total OPEB Liability – The District's total OPEB liability of \$4,633,833 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

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

Rate of Inflation (effective June 30, 2019)	2.50 percent per annum
Salary increases (effective June 30, 2019)	3.25 percent, average, including inflation. Rates vary by membership group
Discount rate (effective June 30, 2019)	3.13 percent per annum
Healthcare cost trend rate (effective June 30, 2020)	6.40 percent for the year ending June 30, 2020, gradually decreasing to an ultimate rate of 4.00 percent for years ending June 30, 2076 and beyond.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.13% which reflects the Fidelity 20-year Municipal GO AA Index as of the measurement date.

Mortality rates were based on the RP-2014 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2017.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

### Changes in the Total OPEB Liability

Total OPEB liability, beginning of year,	\$ 6,474,681
Changes during the year:	
Service cost	574,698
Interest	250,094
Differences in experience/actual	(821,486)
Changes in assumptions	(1,562,726)
Benefit payments	<u>(281,428)</u>
Net changes	<u>(1,840,848)</u>
Total OPEB liability, end of year	\$ <u>4,633,833</u>

Changes in assumptions reflect the following changes:

- Discount rate was changed from 3.62% to 3.13% based on updated 20-year municipal bond rates.
- Mortality table changed from the RP-2000 to the RP-2014 table based on the June 2018 Iowa Public Employees' Retirement System (IPERS) Demographic Assumptions Study.
- The percent of future retirees assumed to elect coverage at retirement changed from 50% to 40% to reflect recent plan experience.

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

	<b>1% Decrease (2.13%)</b>	<b>Discount Rate (3.13%)</b>	<b>1% Increase (4.13%)</b>
Total OPEB liability	\$ 5,050,639	4,633,833	4,244,131

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 (5.4%) or 1% higher (7.4%) than the current healthcare cost trend rates.

	<b>1% Decrease (5.4%)</b>	<b>Discount Rate (6.4%)</b>	<b>1% Increase (7.4%)</b>
Total OPEB liability	\$ 4,028,256	4,633,833	5,364,410

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the District recognized OPEB expense of \$567,774. At June 30, 2020, the District reported deferred inflows of resources related to OPEB from the following sources:

Differences between expected and actual experience	\$ 745,069
Changes in assumptions	<u>1,673,157</u>
Total deferred inflows of resources related to OPEB	\$ <u>2,418,226</u>

# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

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

<u>Year Ended June 30,</u>	
2021	\$ (257,018)
2022	(257,018)
2023	(257,018)
2024	(257,018)
2025	(257,018)
Thereafter	<u>(1,133,136)</u>
	<u>\$ (2,418,226)</u>

Additionally, the District offered an incentive to certain employees to elect to take early retirement from the District during the 2019, 2017 and 2016 fiscal years. If the employees elected to take early retirement, funds were set aside for the benefit of the employee to pay health insurance premiums. The funds are available to the employees for the next seven years, or until the amount of the funds set aside for each employee have been spent. As of June 30, 2020, the District was liable for future payments to plan participants of \$295,425.

### (8) Self Insurance Program

The District has established a self insurance medical program which is accounted for in the Employee Health Fund (an internal service fund). This program provides employees health benefit coverage up to a maximum of \$160,000 per employee per year. The District purchases commercial insurance for claims in excess of this coverage. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

The District makes payments to the Employee Health Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The incurred and unpaid claims liability is based on liabilities incurred at the date of the financial statements and the amount of loss that can be reasonably estimated. Change in the Fund's claims liability amount is shown below.

Incurred and unpaid claims, beginning of year	\$ 657,711
Incurred claims	9,060,131
Payments	<u>(9,042,983)</u>
Incurred and unpaid claims, end of year	<u>\$ 674,859</u>

# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

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### (9) 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 District's ending fund balances for categorical funding by project as of and for the year ended June 30, 2020 are as follows:

<u>Project</u>	<u>Amount</u>
Restricted funds	\$ 251,791
Educator quality	244,740
Teacher salary supplement	174,860
Gifted and talented	99,013
Early readers	54,069
Voluntary preschool	19,934
Reading recovery	9,287
Limited english proficiency	7,895
Empowerment professional development	7,490
Non-public textbooks	337
	<u>\$ 869,416</u>

### (10) Risk Management

The District is exposed to various risks of loss related to torts, theft, damage to and destruction of property, 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 \$4,437,170 for the year ended June 30, 2020.

# Council Bluffs Community School District

## Notes to Basic Financial Statements June 30, 2020

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### (12) Lease Commitments

The District has entered into a lease agreement for the use of various vehicles and buses for student transportation as well as administrative office space. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 1,319,845
2022	1,324,837
2023	283,575
2024	264,984

### (13) 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:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Council Bluffs	Tax Increment Financing	\$ 991,964
City of Carter Lake	Tax Increment Financing	\$ 180,878

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 \$479,492.

### (14) Coronavirus Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. The District implemented a virtual learning environment and closed school buildings in response to directed health measures in March 2020 that extended through the end of the school year.

## **Council Bluffs Community School District**

### **Notes to Basic Financial Statements June 30, 2020**

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On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law that provides \$30 billion for an Education Stabilization Fund to provide relief funds to schools and institutes of higher education in response to the coronavirus. The Elementary Secondary School Emergency Relief (ESSER) Fund funding is to be used to assist the District to continue to provide educational services to their students through, but not limited to, such activities as the purchase of personal protective equipment, cleaning and sanitizing materials, planning for and coordinating during long term closures, and educational technology and supplies and services that will support remote learning. The District was awarded approximately \$1.8 million of relief funds, of which \$0.7 million was expended as of June 30, 2020 primarily for purposes of educational technology to support a remote learning environment and personal protective equipment. The District has the ability to commit, or obligate, the remaining relief funds through September 30, 2022.

# Council Bluffs Community School District

## Required Supplementary Information Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund For the Year Ended June 30, 2020

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
<b>REVENUES</b>						
Local sources	\$ 56,307,754	224,900	56,532,654	47,587,972	47,587,972	8,944,682
State sources	75,344,025	49,032	75,393,057	82,668,147	82,668,147	(7,275,090)
Federal sources	6,371,821	5,117,203	11,489,024	13,582,187	13,582,187	(2,093,163)
Total revenues	<u>138,023,600</u>	<u>5,391,135</u>	<u>143,414,735</u>	<u>143,838,306</u>	<u>143,838,306</u>	<u>(423,571)</u>
<b>EXPENDITURES/EXPENSES</b>						
Instruction	78,826,734	--	78,826,734	81,966,835	81,966,835	3,140,101
Support services	41,364,684	--	41,364,684	39,957,005	41,039,178	(325,506)
Non-instructional programs	--	5,188,479	5,188,479	5,300,000	5,700,000	511,521
Other expenditures	30,025,404	--	30,025,404	36,815,836	36,815,836	6,790,432
Total expenditures/expenses	<u>150,216,822</u>	<u>5,188,479</u>	<u>155,405,301</u>	<u>164,039,676</u>	<u>165,521,849</u>	<u>10,116,548</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES</b>	(12,193,222)	202,656	(11,990,566)	(20,201,370)	(21,683,543)	(9,692,977)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from bond issue	9,500,000	--	9,500,000	--	--	(9,500,000)
Transfers in (out)	100,000	(100,000)	--	--	--	--
Total other financing sources (uses)	<u>9,600,000</u>	<u>(100,000)</u>	<u>9,500,000</u>	<u>--</u>	<u>--</u>	<u>(9,500,000)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES AND OTHER FINANCING SOURCES (USES)</b>	(2,593,222)	102,656	(2,490,566)	(20,201,370)	(21,683,543)	(19,192,977)
<b>BALANCES, Beginning of year</b>	<u>52,534,056</u>	<u>929,877</u>	<u>53,463,933</u>	<u>53,463,933</u>	<u>53,463,933</u>	<u>--</u>
<b>BALANCES, End of year</b>	<u>\$ 49,940,834</u>	<u>1,032,533</u>	<u>50,973,367</u>	<u>33,262,563</u>	<u>31,780,390</u>	<u>(19,192,977)</u>

See accompanying independent auditor's report

## **Council Bluffs Community School District**

### **Notes to Required Supplementary Information – Budgetary Reporting For the Year Ended June 30, 2020**

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

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

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

During the year ended June 30, 2020, expenditures in the support services function exceeded the amounts budgeted. The District did not exceed its General Fund unspent authorized budget.



**Council Bluffs Community School District**

**Required Supplementary Information  
Schedule of the District's Proportionate Share of the Net Pension Liability  
June 30, 2020**

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Iowa Public Employee's Retirement System  
Last Six Fiscal Years\*  
(In Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of net pension liability	0.9264410%	0.9255480%	0.9084950%	0.9045870%	0.8860090%	0.8331430%
District's proportionate share of the net pension liability	\$ 54,007	58,553	59,976	56,412	44,047	33,718
District's covered-employee payroll	\$ 65,784	74,377	68,935	66,214	61,892	54,804
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	82.10%	78.72%	87.00%	85.20%	71.17%	61.52%
Plan fiduciary net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

\* The amounts presented for each fiscal year were determined as of June 30

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

*See accompanying independent auditor's report*

**Council Bluffs Community School District**

**Required Supplementary Information  
Schedule of District Contributions  
June 30, 2020**

Iowa Public Employee's Retirement System  
Last Ten Fiscal Years  
(In Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Statutorily required contribution	\$ 6,700	6,210	6,642	6,156	5,913	5,527	4,894	4,638	4,323	3,816
Contributions in relation to the statutorily required contribution	<u>(6,700)</u>	<u>(6,210)</u>	<u>(6,642)</u>	<u>(6,156)</u>	<u>(5,913)</u>	<u>(5,527)</u>	<u>(4,894)</u>	<u>(4,638)</u>	<u>(4,323)</u>	<u>(3,816)</u>
Contribution deficiency (excess)	\$ <u>    --</u>	<u>    --</u>	<u>    --</u>	<u>    --</u>	<u>    --</u>	<u>    --</u>	<u>    --</u>	<u>    --</u>	<u>    --</u>	<u>    --</u>
District's covered employee payroll	\$ 70,975	65,784	74,377	68,935	66,214	61,892	54,804	53,433	53,502	54,986
Contributions as a percentage of covered employee payroll	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.68%	8.08%	6.94%

*See accompanying independent auditor's report*

## Council Bluffs Community School District

### Required Supplementary Information Notes to Required Supplementary Information – Pension Liability June 30, 2020

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#### Notes to Required Supplementary Information – Pension Liability

##### Changes of benefit terms

There are no significant changes in benefit terms.

##### Changes of assumptions

The 2018 valuation implemented the following refinements as 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.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

## Council Bluffs Community School District

### Required Supplementary Information

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

June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 574,698	544,271	566,420
Interest cost	250,094	228,103	182,551
Differences between expected and actual experience	(821,486)	-	--
Changes in assumptions	(1,562,726)	(32,531)	(325,764)
Benefit payments	<u>(281,428)</u>	<u>(256,574)</u>	<u>(234,235)</u>
Net change in total OPEB liability	(1,840,848)	483,269	188,972
Total OPEB liability, beginning of year	<u>6,474,681</u>	<u>5,991,412</u>	<u>5,802,440</u>
Total OPEB liability, end of year	\$ <u><u>4,633,833</u></u>	<u><u>6,474,681</u></u>	<u><u>5,991,412</u></u>
Covered employee payroll	\$ 62,161,786	68,000,000	57,195,598
Total OPEB liability as a percentage of covered employee payroll	7.45%	9.52%	10.48%

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

Changes in assumptions reflect the following changes made in the 2020 valuation:

- Discount rate was changed from 3.62% to 3.13% based on updated 20-year municipal bond rates.
- Mortality table changed from the RP-2000 to the RP-2014 table based on the June 2018 Iowa Public Employees' Retirement System (IPERS) Demographic Assumptions Study.
- The percent of future retirees assumed to elect coverage at retirement changed from 50% to 40% to reflect recent plan experience.

**Council Bluffs Community School District**

**Supplementary Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2020**

	Special Revenue		
	Student Activity Funds	Management Levy Fund	Total
<b>ASSETS</b>			
Cash, cash equivalents and pooled investments	\$ 455,938	2,199,630	2,655,568
Receivables:			
Property tax:			
Delinquent	--	18,415	18,415
Succeeding year	--	1,200,000	1,200,000
Accounts	4,400	14	4,414
Prepaid expenses	--	430	430
Total assets	<u>\$ 460,338</u>	<u>3,418,489</u>	<u>3,878,827</u>
<b>LIABILITIES</b>			
Accounts payable	<u>\$ 23,900</u>	<u>16,775</u>	<u>40,675</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Succeeding year property tax	<u>--</u>	<u>1,200,000</u>	<u>1,200,000</u>
<b>FUND BALANCES</b>			
Restricted for:			
Management levy purposes	--	2,201,714	2,201,714
Student activities	436,438	--	436,438
Total fund balances	<u>436,438</u>	<u>2,201,714</u>	<u>2,638,152</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 460,338</u>	<u>3,418,489</u>	<u>3,878,827</u>

*See accompanying independent auditor's report*

**Council Bluffs Community School District**

**Supplementary Information  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances –  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2020**

	Special Revenue		
	Student Activity Funds	Management Levy Fund	Total
<b>REVENUES</b>			
Local sources:			
Local tax	\$ --	1,466,873	1,466,873
Other	1,002,034	1,979	1,004,013
State sources	--	53,867	53,867
Total revenues	<u>1,002,034</u>	<u>1,522,719</u>	<u>2,524,753</u>
<b>EXPENDITURES</b>			
Current			
Instruction:			
Regular instruction	--	212,528	212,528
Other instruction	1,005,542	--	1,005,542
	<u>1,005,542</u>	<u>212,528</u>	<u>1,218,070</u>
Support services:			
Student services	--	23,400	23,400
Instructional staff services	3,741	12,703	16,444
Administration services	11	90,047	90,058
Operation and maintenance of plant services	--	1,168,728	1,168,728
Transportation services	4,191	--	4,191
	<u>7,943</u>	<u>1,294,878</u>	<u>1,302,821</u>
Total expenditures	<u>1,013,485</u>	<u>1,507,406</u>	<u>2,520,891</u>
CHANGE IN FUND BALANCES	(11,451)	15,313	3,862
FUND BALANCES, BEGINNING OF YEAR	<u>447,889</u>	<u>2,186,401</u>	<u>2,634,290</u>
FUND BALANCES, END OF YEAR	<u>\$ 436,438</u>	<u>2,201,714</u>	<u>2,638,152</u>

*See accompanying independent auditor's report*

**Council Bluffs Community School District**

**Supplementary Information  
Combining Balance Sheet  
Capital Projects Fund  
June 30, 2020**

	Capital Projects			
	Statewide Sales, Services and Use Tax Fund	Physical Plant and Equipment Levy Fund	Middle School Remodel Fund	Total
<b>ASSETS</b>				
Cash, cash equivalents and pooled investments	\$ 6,680,489	2,634,482	--	9,314,971
Receivables				
Property tax:				
Delinquent	--	58,152	--	58,152
Succeeding year	--	3,996,929	--	3,996,929
Accounts	819,164	323,893	19,681	1,162,738
Investments	--	--	18,481,656	18,481,656
Prepaid expenses	--	89,374	--	89,374
Total assets	<u>\$ 7,499,653</u>	<u>7,102,830</u>	<u>18,501,337</u>	<u>33,103,820</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 9,126</u>	<u>325,176</u>	<u>2,114,461</u>	<u>2,448,763</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Succeeding year property tax	<u>--</u>	<u>3,996,929</u>	<u>--</u>	<u>3,996,929</u>
<b>FUND BALANCES</b>				
Restricted for:				
School infrastructure	7,490,527	--	16,386,876	23,877,403
Physical plant and equipment	<u>--</u>	<u>2,780,725</u>	<u>--</u>	<u>2,780,725</u>
Total fund balances	<u>7,490,527</u>	<u>2,780,725</u>	<u>16,386,876</u>	<u>26,658,128</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,499,653</u>	<u>7,102,830</u>	<u>18,501,337</u>	<u>33,103,820</u>

*See accompanying independent auditor's report*

# Council Bluffs Community School District

## Supplementary Information Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Fund For the Year Ended June 30, 2020

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Middle School Remodel Fund	
<b>REVENUES</b>				
Local sources:				
Local tax	\$ 9,384,308	3,849,079	--	13,233,387
Other	1,569,994	382,654	293,914	2,246,562
State sources	--	134,760	--	134,760
Total revenues	<u>10,954,302</u>	<u>4,366,493</u>	<u>293,914</u>	<u>15,614,709</u>
<b>EXPENDITURES</b>				
Current				
Instruction:				
Regular instruction	<u>874,014</u>	<u>11,046</u>	<u>136,500</u>	<u>1,021,560</u>
Support services:				
Student services	--	--	13,815	13,815
Instructional staff services	--	89,127	--	89,127
Administration services	2,825	513,991	785,544	1,302,360
Operation and maintenance of plant services	217,522	1,001,372	300,302	1,519,196
Transportation services	--	962,369	--	962,369
	<u>220,347</u>	<u>2,566,859</u>	<u>1,099,661</u>	<u>3,886,867</u>
Other expenditures:				
Facilities acquisition	604,451	1,643,924	16,033,709	18,282,084
Interest and fiscal charges	--	--	99,684	99,684
	<u>604,451</u>	<u>1,643,924</u>	<u>16,133,393</u>	<u>18,381,768</u>
Total expenditures	<u>1,698,812</u>	<u>4,221,829</u>	<u>17,369,554</u>	<u>23,290,195</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>9,255,490</u>	<u>144,664</u>	<u>(17,075,640)</u>	<u>(7,675,486)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from bond issue	--	--	9,500,000	9,500,000
Transfers in (out), net	(6,700,186)	--	--	(6,700,186)
Total other financing sources and uses	<u>(6,700,186)</u>	<u>--</u>	<u>9,500,000</u>	<u>2,799,814</u>
<b>CHANGE IN FUND BALANCES</b>	2,555,304	144,664	(7,575,640)	(4,875,672)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>4,935,223</u>	<u>2,636,061</u>	<u>23,962,516</u>	<u>31,533,800</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 7,490,527</u>	<u>2,780,725</u>	<u>16,386,876</u>	<u>26,658,128</u>

See accompanying independent auditor's report



**Council Bluffs Community School District**

**Supplementary Information  
 Schedule of Changes in Special Revenue Fund – Student Activity Funds  
 For the Year Ended June 30, 2020**

	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Bloomer	\$ 2,612	--	504	2,108
Carter Lake	5,811	1,611	1,480	5,942
College View	4,991	--	--	4,991
Crescent	5,281	--	162	5,119
Edison	5,975	--	--	5,975
Franklin	2,997	468	80	3,385
Hoover	4,160	10,396	8,725	5,831
Lewis & Clark	6,878	207	311	6,774
Longfellow	664	440	616	488
Roosevelt	1,849	6,912	6,419	2,342
Rue	4,863	--	3,600	1,263
Kirn JHS	24,603	47,000	55,912	15,691
Woodrow Wilson JHS	64,364	74,660	56,326	82,698
Tucker Center	6,312	7,945	3,353	10,904
Thomas Jefferson SHS	20,566	488,713	508,412	867
Abraham Lincoln SHS	285,691	362,848	366,479	282,060
Kanesville AHS	272	834	1,106	--
	<u>\$ 447,889</u>	<u>1,002,034</u>	<u>1,013,485</u>	<u>436,438</u>

*See accompanying independent auditor's report*

**Council Bluffs Community School District**

**Supplementary Information  
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds  
For the Year Ended June 30, 2020**

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	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>ASSETS</b>				
Cash and cash equivalents	\$ --	131,913	92,540	39,373
Due from other governments	77,397	--	11,025	66,372
Total assets	<u>\$ 77,397</u>	<u>131,913</u>	<u>103,565</u>	<u>105,745</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 15,881	105,745	15,881	105,745
Interfund loan payable	61,516	26,168	87,684	--
Total liabilities	<u>\$ 77,397</u>	<u>131,913</u>	<u>103,565</u>	<u>105,745</u>

*See accompanying independent auditor's report*

# Council Bluffs Community School District

## Supplementary Information Schedule of Revenues by Source and Expenditures by Function All Governmental Funds For the Ten Year Ended June 30

	Modified Accrual Basis									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>REVENUES:</b>										
Local sources:										
Local tax	\$ 47,116,434	46,774,297	44,323,678	43,801,727	43,238,410	44,181,757	42,564,152	42,421,544	45,325,106	44,479,263
Tuition	2,925,467	3,032,774	2,821,210	2,072,728	3,111,592	2,980,020	2,712,434	2,335,207	2,777,515	2,192,571
Other	6,265,853	5,139,171	6,222,710	8,272,191	11,536,471	4,606,014	5,651,958	5,236,703	6,556,766	4,786,297
State sources	75,344,025	73,899,808	73,715,542	71,137,987	68,460,009	64,465,411	59,383,774	57,386,553	55,525,497	54,955,848
Federal sources	6,371,821	7,193,561	6,937,113	6,334,306	5,345,763	5,209,908	5,954,736	5,772,683	7,369,888	6,702,964
Total revenues	<u>138,023,600</u>	<u>136,039,611</u>	<u>134,020,253</u>	<u>131,618,939</u>	<u>131,692,245</u>	<u>121,443,110</u>	<u>116,267,054</u>	<u>113,152,690</u>	<u>117,554,772</u>	<u>113,116,943</u>
<b>EXPENDITURES:</b>										
Instruction:										
Regular instruction	77,762,484	78,762,757	79,624,932	76,829,228	38,316,380	37,638,119	35,487,624	36,537,506	33,131,109	32,567,873
Special instruction	--	--	--	210,132	35,036,446	34,556,075	31,250,302	28,628,797	29,276,353	31,085,908
Other Instruction	1,064,250	1,062,140	1,032,203	984,951	3,424,823	3,854,800	3,503,366	3,842,876	3,887,216	4,500,693
Support services:										
Student services	5,354,198	5,273,415	4,772,703	4,567,443	4,525,022	2,590,784	3,104,599	2,881,955	2,829,534	2,542,273
Instructional staff services	5,081,385	4,990,387	5,001,210	4,758,274	4,766,189	5,643,280	2,379,699	2,393,281	3,463,196	1,363,587
Administration services	14,666,146	16,394,940	13,904,795	12,918,487	12,774,696	12,396,728	12,372,695	11,867,856	11,275,283	11,345,682
Operation and maintenance of plant	10,927,154	10,506,491	9,698,273	9,662,729	9,653,140	7,946,294	9,176,788	7,412,240	7,647,550	7,795,108
Transportation services	5,335,801	5,726,678	4,916,161	4,351,358	3,901,109	3,670,708	3,488,486	3,350,459	3,038,034	3,042,152
Other expenditures:										
Facilities acquisition	18,282,084	8,638,085	3,440,995	6,222,821	14,441,067	10,029,827	3,583,145	8,227,957	12,168,670	39,262,078
Long-term debt:										
Principal	4,707,000	3,975,000	5,547,353	6,206,361	4,768,213	4,803,071	3,635,000	3,495,000	1,000,000	1,000,000
Interest and fiscal charges	2,599,150	1,854,780	1,827,941	1,890,080	2,793,246	2,926,614	2,919,818	2,976,221	2,813,716	1,947,050
AEA flowthrough	4,437,170	4,340,347	4,323,348	4,114,100	4,040,318	3,894,362	3,695,117	3,554,916	3,542,694	3,936,375
Total expenditures	<u>\$ 150,216,822</u>	<u>141,525,020</u>	<u>134,089,914</u>	<u>132,715,964</u>	<u>138,440,649</u>	<u>129,950,662</u>	<u>114,596,639</u>	<u>115,169,064</u>	<u>114,073,355</u>	<u>140,388,779</u>

See accompanying independent auditor's report

# Council Bluffs Community School District

## Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through the State of Iowa Department of Education:			
Title I	84.010	S010A180015	\$ 1,937,112
Title I - carryover	84.010	S010A180015	466,208
Total Title I			<u>2,403,320</u>
Passed through the State of Iowa Department of Education:			
Vocational Education - Basic Grants to States	84.048		75,730
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126		135,827
Education for Homeless Children and Youth	84.196	S196A180016	36,943
Twenty-First Century Community Learning Centers	84.287	S287C180015	729,988
Title III - English Language Acquisition State Grants	84.365	S365A180015	75,571
Title IIA - Federal Teacher Quality Program	84.367	S367A180014	347,839
Title IV - Student Support and Academic Enrichment Program	84.424	S424A180016	20,850
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	S425D200014	725,121
Total passed through the State of Iowa Department of Education			<u>2,147,869</u>
Passed through Green Hills Area Education Agency:			
IDEA, Part B	84.027	H027A180097	440,281
Total U.S. DEPARTMENT OF EDUCATION			<u>4,991,470</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the State of Iowa Department of Education:			
Child Nutrition Cluster			
COVID-19 National School Lunch Program	10.555	201919N109943	857,368
National School Lunch Program	10.555	201919N109943	2,822,589
Food Distribution - Child Nutrition Act (non-cash)	10.555	201919N109943	403,762
Summer Food Service Program for Children	10.559	201919N109943	109,268
School Breakfast Program	10.553	201919N109943	735,434
Total Child Nutrition Cluster			<u>4,928,421</u>
Passed through the State of Iowa Department of Education:			
Fresh Fruit and Vegetable Program	10.582	201918L160343	146,026
Professional Standards for School Nutrition Employees	10.547		42,756
Total U.S. DEPARTMENT OF AGRICULTURE			<u>5,117,203</u>
U.S. DEPARTMENT OF DEFENSE			
Direct Award			
GenCyber Grants Program	12.903		47,038
Total U.S. DEPARTMENT OF DEFENSE			<u>47,038</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 10,155,711</u>

The accompanying notes are an integral part of this schedule.

## **Council Bluffs Community School District**

### **Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2020**

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#### **Note 1. Basis of Presentation**

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

#### **Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note 3. Indirect Cost Rate**

The District has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

## **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  
Council Bluffs Community School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 Council Bluffs Community School District (the 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 January 15, 2021.

### **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 (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 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.

### **District's Responses to Findings**

The District's responses to the finding identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. 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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Omaha, Nebraska,  
January 15, 2021.

## **Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Education  
Council Bluffs Community School District:

### **Report on Compliance for Each Major Federal Program**

We have audited Council Bluffs Community School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.



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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Seira Johnson, LLP*

Omaha, Nebraska,  
January 15, 2021.

# Council Bluffs Community School District

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2020

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### I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes x No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes x None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes x No

#### Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes x No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes x None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes x No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010 84.425	Title I COVID-19 Elementary and Secondary School Emergency Relief Funds (ESSER)

Dollar threshold used to distinguish between type A and type B programs \_\_\_\_\_ \$750,000 \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ x \_\_\_\_\_ Yes \_\_\_\_\_ No

### II. FINANCIAL STATEMENT FINDINGS

None noted.

### III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.

# Council Bluffs Community School District

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2020

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### **Part IV: Other Findings Related to Statutory Reporting:**

**IV-A-20**      Certified Budget – Expenditures for the year ended June 30, 2020 exceeded the amended certified budget amounts in the support services program.

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

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

Conclusion – Response Accepted.

**IV-B-20**      Questionable Expenditures

No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

**IV-C-20**      Travel Expense

No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

**IV-D-20**      Business Transactions

No business transactions between the District and District officials were noted.

**IV-E-20**      Restricted Donor Activity

No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

**IV-F-20**      Bond Coverage

Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

**IV-F-20**      Board Minutes

No transactions were found that we believe should have been approved by the Board Minutes.

**IV-H-20**      Certified Enrollment

Comment – We noted a variance in the basic enrollment data certified to the Department of Education. The number of students reported on Line 1 as resident students was overstated by 2.0 students.

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

Response – The District will contact the Iowa Department of Education and Department of Management to resolve this matter.

Conclusion – Response accepted.

# Council Bluffs Community School District

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2020

**IV-I-20**      Supplemental Weighting

No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

**IV-J-20**      Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District's investment policy were noted.

**IV-K-20**      Certified Annual Report

The Certified Annual Report was certified timely to the Iowa Department of Education.

**IV-L-20**      Categorical Funding

No instances were noted of categorical funding used to supplant rather than supplement other funds.

**IV-M-20**      Statewide Sales, Services and Use Tax

No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F 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		\$	4,935,223
Revenues/transfers in:			
Sales tax revenues	\$	9,384,308	
Other local revenues		1,569,994	10,954,302
			<u>15,889,525</u>
Expenditures/transfers out:			
School infrastructure construction		1,698,812	
Transfer to the Debt Service Fund		6,700,186	8,398,998
			<u>8,398,998</u>
Ending balance		\$	<u>7,490,527</u>

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

		Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Ending balance	\$	3.00	6,700,186

**IV-N-20**      Revenue Bonds

The District is in compliance with the provisions of the revenue bond resolution.

# Council Bluffs Community School District

## Audit Staff For the Year Ended June 30, 2020

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### This audit was performed by:

Justin M. Hope, FHFMA, CPA, Partner

Jason R. Rasmussen, In-Charge Auditor

Vanesa L. Salcido, Staff Auditor, CPA

Weston S. Shephard, Staff Auditor